

FBIS**DAILY REPORT**
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CMEA COMMITTEE SESSION CONTINUES IN SRV

Pham Van Dong Meets Delegates

OW110953 Hanoi VNA in English 0810 GMT 11 Jan 86

[Text] Hanoi VNA Jan. 10 -- Chairman of the Council of Ministers Pham Van Dong this morning had a working session here with heads and deputy heads of the delegations to the current 37th session of the C.M.E.A. Committee for Cooperation in Planning.

With Chairman Pham Van Dong were Vo Van Kiet, Tran Quynh, and Dau Ngoc Xuan.

The guests were informed of Vietnam's economic development and its petitions aimed at promoting its economic cooperation with the Soviet Union and other member countries in the CMEA.

The head delegates expressed their approval of and support for Vietnam's petitions which would be taken into consideration by various responsible offices of countries and be translated into reality in the coming period.

Chairman Pham Van Dong expressed sincere thanks towards the Soviet Union and other countries for their great, whole hearted and effective support and assistance to the Vietnamese people in their socialist construction and national defence. He also thanked the head delegates for approving and supporting Vietnam's petition.

Le Duan Receives Delegates

OW121037 Hanoi VNA in English 0836 GMT 12 Jan 86

[Text] Hanoi VNA Jan 11 -- Party General Secretary Le Duan cordially received delegates to the 37th session of the Council for Mutual Economic Assistance (CMEA)'s Committee for Cooperation in Planning.

With him were Vo Van Kiet, Political Bureau member of the Communist Party of Vietnam Central Committee, vice chairman of the Council of Ministers and chairman of the State Planning Commission; Tran Quynh, member of the party Central Committee and vice-chairman of the Council of Ministers; and Dau Ngoc Xuan, vice chairman of the State Planning Commission.

Soviet Ambassador B. N. Chaplin was present on the occasion.

General Secretary Le Duan hailed the results of the session, which solved many problems in the development of economic, scientific and technical cooperation between CMEA member countries. With regard to the relations between Vietnam and other CMEA-member-countries, Le Duan stressed: "Over the past ten years full of trials and hardships, we have recorded many achievements thanks to our party's and our people's endeavour, and the great assistance and cooperation of the Soviet Union and other CMEA member-countries".

Referring to the international situation, Le Duan said that the result of the recent Soviet-American summit showed that the imperialists, however stubborn they are, could not resist the tendency of detente and dialogue. He voiced full support for the Soviet Union's initiatives aimed at safeguarding peace, people's life and human civilization.

On behalf of the delegates to the session, Soviet head delegate N.V. Talyzin thanked the party and people of Vietnam for having created favorable conditions for the success of the session.

Economic Planning Pacts Signed

OW121023 Hanoi VNA in English 0708 GMT 12 Jan 86

[Text] Hanoi VNA Jan. 12 -- Vietnam signed in Hanoi Friday protocols on the coordination in state economic planning in the 1986-1990 period with Poland, Bulgaria, the German Democratic Republic, Mongolia and Czechoslovakia.

Vo Van Kiet, Political Bureau member of the Communist Party of Vietnam Central Committee, vice chairman of the Council of Ministers and chairman of the state Planning Commission, held talks and signed these protocols with respectively M. Gorywoda, deputy chairman of the Council of Ministers and chairman of the Planning Commission of Poland; I. Iliev, deputy chairman of the Council of Ministers and chairman of the State Planning Committee of Bulgaria; G. Schuerer, deputy chairman of the Council of Ministers and chairman of the state Planning Commission of the German Democratic Republic; P. Jasray, deputy chairman of the Council of Ministers and chairman of the state Planning Commission of Mongolia; and S. Potac, deputy prime minister and chairman of the state Planning Commission [of Czechoslovakia].

Present at the talks and the signing ceremony on the Vietnamese side were Dau Ngoc Xuan, Le Danh and Vu Quang Tuyen, vice-chairman of the state Planning Commission; Nguyen Van Ich, deputy head of the Council of Ministers' Office; and Nguyen Tu, vice minister of foreign trade.

The heads of the Polish, Bulgarian, GDR, Mongolian and Czechoslovak diplomatic missions were present on the occasion.

Within the framework of the agreements already reached in the coordination of state planning, the economic, scientific and technical cooperation between Vietnam and other fraternal socialist countries will be further broadened in the next five years, in conformity with the lines of the CMEA member-countries in June 1984. Especially, the economic cooperation between Vietnam and fraternal countries will be boosted more vigorously in the fields of tropical agriculture, light industry and electronic industry. The volume of goods exchange will increase remarkably between Vietnam and the fraternal countries in the 1986-90 period as compared with the 1981-85 period.

The results of the coordination in national economic planning in the 1986-90 period will surely create favourable conditions for the economic development in each country and promote the socialist economic integration between Vietnam and other socialist countries.

USSR JOINT COMMUNIQUE STILL STALLED OVER ISLANDS

OW111209 Tokyo KYODO in English 1155 GMT 11 Jan 86

[Text] Tokyo, Jan. 11 KYODO -- Japan and the Soviet Union are still unable to narrow their differences over the content of a proposed communique less than a week before Soviet Foreign Ministry Eduard Shevardnadze's visit to Tokyo, Foreign Ministry sources said Saturday.

The snag centers on Japan's claim to a cluster of Soviet occupied islands off northern Japan, and Tokyo may refuse to issue the communique unless the Soviets soften their stand, the sources said. The sources outlined the Japanese position as the government released more details on the itinerary of Shevardnadze's January 15-19 visit, the first by a Soviet foreign minister in 10 years.

Shevardnadze will have three sessions of talks with his Japanese counterpart, Shintaro Abe, the first starting on the day of his arrival in Tokyo Wednesday morning. The first session will be devoted to a discussion of international issues of mutual interest, and the second, scheduled for Thursday morning, will cover both international issues and bilateral ties. The third and last session, to be held on Thursday afternoon, will be devoted entirely to bilateral relations, Foreign Ministry officials said.

Shevardnadze will take a break from official engagements on Friday with a sight-seeing tour in Tokyo and a trip to inspect a car plant just outside Tokyo.

He is slated to pay a courtesy call on Prime Minister Yasuhiro Nakasone on Saturday morning, and sign two agreements on trade and taxation in the evening.

The Soviet foreign minister will speak to the press on Sunday morning before leaving Japan in the afternoon.

While Japanese and Soviet officials have agreed on Shevardnadze's schedule, they remain bogged down over the proposed communique, Foreign Ministry sources said. They said the Soviets have refused to accept a Japanese draft referring to Japan's claim to the "northern territories" as part of unresolved issues between the two countries. The northern territories, seized by the Soviets at the end of World War II, are a cluster of islands just off eastern Hokkaido, the northernmost of Japan's four main islands.

The Japanese draft, first shown to the Soviet Union at the end of last year, seeks to confirm the validity of a communique signed by Japan and the Soviet Union in 1973. That was the last time Moscow formally recognized Japan's claim to the northern islands as part of "unsettled issues" between the two countries. The Soviet Union has since reversed its stand, saying there is no territorial dispute with Japan.

A Soviet draft communique presented to Japan earlier this week made no reference to the 1973 communique. Signed by the then Soviet leader, the late Leonid Brezhnev and then Prime Minister Katuei Tanaka.

Japanese sources said Japan may refuse to issue a communique unless the Soviets accept the inclusion of the territorial issue in the document.

USSR AGREES TO RESUME FISHERY TALKS 20 JANUARY

OW101253 Tokyo KYODO in English 1230 GMT 10 Jan 86

[Text] Tokyo, Jan. 10 KYODO -- Japan and the Soviet Union basically agreed Friday to resume deadlocked talks on the two countries' fishing in each other's 200-nautical mile economic zone around January 20. The accord was reached when Agriculture, Forestry and Fisheries Minister Tsutomu Hata conferred with Soviet Ambassador to Japan Pyotr Ambrasimov to explore ways to get the talks off dead center.

The talks on catch quotas for this year had been suspended mainly because of the Soviet insistence that Japan pay a huge "fisher cooperation fee" for any amount of catch in the Soviet 200-mile waters beyond 200,000 tons. As a result, fishing boats of the two countries have been kept away from each other's 200-mile zone since January 6.

Hata and Ambrasimov agreed that both countries should make flexible efforts to find an amicable solution in a spirit of mutuality. The ambassador suggested that the talks be resumed around January 20. Hata concurred. Fisheries Agency sources said, however, that it will be far from easy to reach agreement, even if the talks are resumed.

BOAT REPORTED SEIZED BY N. KOREAN NAVY VESSEL

OW101309 Tokyo KYODO in English 0823 GMT 10 Jan 86

[Text] Tokyo, Jan. 10 KYODO -- A North Korean Navy patrol vessel captured a Japanese boat Friday morning in its territorial waters in the Sea of Japan, (North KOREAN CENTRAL NEWS AGENCY said. The report, monitored in Tokyo, said the Kaisei Maru No 55 had illegally intruded deep into the waters southeast of Rahung, South Hamgyong Province, North Korea.

North Korea last Tuesday announced the seizure of another Japanese vessel which it did not identify.

NAKASONE TO SEND 'PERSONAL' NOTE TO KIM IL-SONG

OW111049 Tokyo KYODO in English 1040 GMT 11 Jan 86

[Text] Tokyo, Jan. 11 KYODO -- Yoichi Tani, a leading member of the ruling Liberal-Democratic Party, will carry a personal message from Prime Minister Yasuhiro Nakasone to North Korean President Kim Il-song during a visit to North Korea next week, informed sources said Saturday. The content of the message is not known but Tani's trip, arranged behind a veil of secrecy, is seen as an attempt by Nakasone to improve relations with North Korea.

Tani will be traveling as "a de facto emissary" from Nakasone, a source connected with Japan-North Korean relations told KYODO NEWS SERVICE. Tani, acting chairman of the supra-partisan Parliamentary League for the Promotion of Friendship With North Korea, insisted, however, that he is making the trip in a "personal capacity."

Tani was scheduled to leave Monday for Pyongyang via Beijing and stay in the North Korean capital until Friday.

There are no diplomatic relations between Japan and North Korea, but there have been signs of a thaw in bilateral ties over the past year. In January last year Japan lifted sanctions against North Korea, and since then there has been an exchange of nonofficial visits between the two countries.

Nakasone, who is keen on improving Japan's ties with the Soviet Union, is also said to be eager to seek better ties with North Korea.

Tani is scheduled to meet with Kim and other North Korean leaders during his stay, and the talks are expected to focus on ways to expand economic ties between North Korea and Japan. North Korea, wary about the rapid economic growth in South Korea is said to be anxious to expand its economic ties with Japan and obtain an inflow of Japanese technology and economic aid.

Japanese business, in a bid to tap the North Korean market, wants to station trade representatives in North Korea, and there are talks about sending an economic mission there.

Tani is expected to raise these two topics in talks with North Korea officials, informed sources said.

U.S. SENATOR DANFORTH' TRADE DELEGATION IN TOKYO

Meets MITI Minister

OW101257 Tokyo KYODO in English 1226 GMT 10 Jan 86

[Text] Tokyo, Jan. 10 KYODO -- John C. Danforth, a United States Republican senator now visiting Japan, said Friday this country should expand its imports from the U.S. to help correct a huge bilateral trade imbalance in favor of Japan, government officials said. Danforth and five other Senators, in a meeting with Michio Watanabe, international trade and industry minister, warned that protectionist sentiment will flare up in the U.S. Congress if Japan fails to do so.

In this connection, the hard-line senator from Missouri told Watanabe Japan must not correct the imbalance, which is believed to have reached about 50 billion dollars last year, through export cuts, the officials said.

Another senator, who was not named, said the U.S. economy has turned a corner on its financial deficits, and now the major focus of attention in Congress is on amelioration of the country's external deficits, they said. Thus, Japan should expand domestic demand to help solve the U.S. problem and serve as an example for other Asian countries, he was quoted as saying.

In reply, Watanabe requested that the visitors take a longer-term view as Japan has taken a series of tangible steps recently like joint efforts to correct the overvalued dollar and implementation, starting this year, of tariff reductions on many goods in accordance with a market-opening action program announced last summer.

But the two sides failed to work out any kind of an agreement on these matters the sources said.

The U.S. senators will meet Prime Minister Yasuhiro Nakasone Saturday and Susumu Nikaido, vice president of the ruling Liberal Democratic Party, Finance Minister Noboru Takeshita and others Monday and Tuesday.

Meets Nakasone

OW110727 Tokyo KYODO in English 0718 GMT 11 Jan 86

[Text] Tokyo, Jan. 11 KYODO -- U.S. Senator John Danforth Saturday called on Japan to increase manufactured imports and set a specific import target to correct a trade imbalance between the U.S. and Japan as soon as possible. The bilateral trade imbalance is thought to have reached some 50 billion dollars in Japan's favor in 1985.

The Republican senator from Missouri also said MOSS (Market-Oriented, Sector-Selective) and other talks in individual areas of trade are no longer effective enough, adding that the basis of free trade has now been undermined in the U.S. He made the remarks in a meeting with Prime Minister Yasuhiro Nakasone at the premier's official residence Saturday morning. Danforth is here as a head of six-member delegation of U.S. senators.

Nakasone told him, "I understand the U.S. is seeking a major change (in bilateral economic issues) but the economy does not move swiftly." According to government officials, Nakasone added, "We have to pile up results one by one. The tide is turning, and I'll continue to make efforts to quicken that trend."

At the same time, the prime minister sought American understanding of Japan's efforts by explaining the progress in Japan's market-opening action program unveiled last summer.

During the one and-a-half hour meeting, Nakasone stressed the importance of Japan-U.S. relations in the world economy. "Japan-U.S. relations, including economic matters, have great significance, not only to Japan and the U.S. but also to the peace and stability of the world," he said. "The present trade imbalance should not impair the strong ties between Japan and the U.S."

While acknowledging the importance of Japan-U.S. relations, Danforth said that the question is Japan's huge trade surplus with the U.S. amounting to 50 billion dollars. This size of surplus has great impact not only on bilateral issues but also on the world economy, he said.

Meets Sato

OW130423 Tokyo KYODO in English 0402 GMT 13 Jan 86

[Text] Tokyo, Jan. 13 KYODO -- U.S. Senator John Danforth Monday hailed the agreement on telecommunications, trade in the just concluded bilateral MOSS (Market-Oriented Sector-Selective) talks. Meeting with Bunsei Sato, posts and telecommunications minister, at Sato's office, the Republican senator from Missouri expressed the hope that what has been agreed will be implemented in day-to-day business.

Sato replied that he wants to see U.S. firms make all-out efforts to sell their products here as Japan's telecom market is as open as its U.S. counterpart.

The agreement concluded Friday in Washington includes expansion of opportunities for foreign firms, on a full equity basis, to obtain radio station licenses for a variety of land mobile radio services, and establishment of technical standards and spectrum allocation for cellular telephones which broaden opportunities for new entrants.

SOLARZ ASKS NIKAIIDO TO PROMOTE U.S. IMPORTS

OW100929 Tokyo KYODO in English 0914 GMT 10 Jan 86

[Text] Tokyo, Jan 10 KYODO -- United States Congressman Stephen Solarz asked senior Liberal-Democratic Party officers Friday to promote imports from the United States. The New York Democrat, meeting with LDP Vice President Susumu Nikaido, called for some tax preferences in order to promote imports of manufactured products, party officials said.

Nikaido made no direct commitment only replying that the matter is worth studying, the officials said.

Solars warned Japan's huge trade surplus with the United States, estimated at 50 million dollars last year, will again become a major problem in the Congress this year, they said. The chairman of the House Subcommittee on Asian and Pacific Affairs, here since Wednesday, also met separately with Kiichi Miyazawa, chairman of LDP's Executive Council, and called for a boost in imports.

Niyazawa told Solarz Japan has made best efforts to open its market, the officials said.

DEFENSE AGENCY RELEASES SDF REFORM PLANS

OW110941 Tokyo KYODO in English 0801 GMT 11 Jan 86

[Text] Tokyo, January 11 KYODO -- The Defense Agency released a list of 32 reforms of the Ground, Maritime and Air Self-Defense Forces (SDF) Saturday, featuring reinforcement of joint operations of the three services and expansion of their reserves. Some of the reforms will be implemented beginning in fiscal 1987, an agency spokesman said.

The list includes nine items aimed at strengthening joint SDF operations such as establishment of combined units involving personnel of the three services, according to the spokesman. At present, the GSDF, MSDF and ASDF do not cover the same geographical districts for security and defense. Agency officials will reconsider the division of such districts so that the SDF can cope with emergencies more effectively, the spokesman added.

Changes in communications networks are also proposed so as to improve SDF operational capability, according to the spokesman. If the proposals materialize, F-15 fighter planes, destroyers and P-3C antisubmarine patrol aircraft, for example, will be able to communicate with each other. They currently use radio equipment with different frequencies.

Agency officials will also consider the possibility of joint educational and training sessions for members of the three services using the same weapons and equipment, revision of the SDF law so that people without previous SDF membership who can become reserves and an increase in the number of women SDF personnel. [sentence as received.]

The 32 items were chosen from 750 suggestions made by SDF personnel as part of the agency's efforts to reform the 30-year-old SDF both in terms of organization and functions, according to the spokesman.

FOREIGN MINISTRY PROPOSES HALT TO EXERCISES

'Text' of Statement

SK110540 Pyongyang KCNA in English 0515 GMT 11 Jan 86

[Text] Pyongyang January 11 (KCNA) -- The Ministry of Foreign Affairs of the Democratic People's Republic of Korea, authorized by the government, made public a statement on January 11 in connection with the fact that the government of the DPRK took an important step to ease tensions on the Korean peninsula and create decisively favourable environments for North-South dialogue.

Follows the full text of the statement:

By the authorization of the government the Ministry of Foreign Affairs of the Democratic People's Republic of Korea issues the following statement:

Today, the relaxation of tension and prevention of war danger on the Korean peninsula and creation of more favourable atmosphere for the dialogue between the North and the South pose themselves as a more and more pressing issue in expediting the independent and peaceful reunification of Korea.

Last year talks in different fields were held between North and South. It gladdened the Korean people suffering from the national division and stimulated the aspiration for the reunification throughout the country. We consider that this year a greater stride should be made in easing the tension in Korea and promoting the dialogue between the North and the South.

In his new year address this year, the great leader Comrade Kim Il-song clarified that in order to solve the fundamental question relating to the peaceful reunification of Korea, it is imperative to hold the tripartite talks between our republic, the United States and South Korea and press well ahead with the talks now under way between the North and the South and to open a summit talks.

Now, the Korean people and the world peaceloving people warmly welcome the new epoch-making proposal of our party and the government of the republic, with great expectation that this year would witness a turning point in the relaxation of tense situation in the Korean peninsula and in dispelling the misunderstanding and mistrust and removing confrontation between the North and the South by bringing about good results in the dialogue. If the North-South dialogues are to be successful tension between the North and the South must be relaxed. To this end both sides must, first of all, take immediate steps to refrain from large scale military exercises directed against the other party to the dialogue.

As a part of the steps for detente on the Korean peninsula, we have already presented, through the Military Armistice Commission, the proposal for completely suspending the large scale military exercises in Korea and during the period of the dialogue, refraining from any kinds of military exercises. However, the U.S. and South Korean authorities have not yet accepted these realistic proposals of ours.

Talking face to face while conducting military exercises against the other side is not appropriate to the occasion. It is clear to everybody that it will result in aggravating the tension, deepening the mutual mistrust and increasing the war danger.

Last year, the U.S. and South Korean authorities conducted the large scale joint military exercises codenamed "Team Spirit 85", thus deadlocking for long the hard-won North-South dialogue and leading the situation astray. If such a situation is created again, the tension on the Korean peninsula will never be eased and the disgraceful result of another rupture of North-South dialogue be made.

We insist that there should be never created again such situation where the dialogue between the North and the South is brought to rupture due to the insincere attitude of the U.S. and South Korean authorities and consider that it is imperative to create more favourable environments towards the dialogue and immediately take epoch-making steps to prevent the aggravation of tension.

The government of the Democratic People's Republic of Korea, as the important measure to ease the tension on the Korean peninsula and create decisively favourable environments to the dialogue between the North and the South, has decided to refrain from large scale military exercise throughout the Northern half of the republic from February 1, 1986, and stop all military exercises during the period of the North-South dialogue.

Solemnly announcing this decision at home and abroad we propose to the U.S. Government and South Korean authorities to announce in response to our initiative, not to hold the military exercise in the whole area of South Korea from 1st of February, 1986 and put it into practice.

Military exercise, either open or confidential, is a threat to the other party to the dialogue, whether it is held on the Korean peninsula or in its vicinity. We make it clear that we are always ready to respond to any negotiation, if the U.S. and South Korea side deem it necessary, on our proposal for the suspension of military rehearsals.

This proposal of ours to ease the tension on the Korean peninsula and create favourable environments for the dialogue between the North and the South is a peaceloving one which is in full accord with the desire of the Korean people and the world peaceloving people and reflects most correctly the reality of the Korean peninsula.

If this proposal is translated into practice, the relations between the North and the South of Korea will be improved markedly and the atmosphere of peace gradually created on the Korean peninsula.

The suspension of a large scale military exercise against each other on the Korean peninsula will result in bringing about a positive change in the relations between the Democratic People's Republic of Korea and the United States of America and in providing a good chance of dispelling mutual distrust and building confidence.

If the United States and the South Korean authorities really want to relax tension on the Korean peninsula, build mutual confidence, bring about reconciliation and make progress in dialogue for peace of Korea and her peaceful reunification they must accept this aboveboard and peaceloving proposal of ours.

This year is the international year of peace. In this year of peace the world peaceloving people want to see epochal turn in relaxing tensions in all parts of the world and in living peacefully without war and disputes.

The Korean peninsula is the place where the danger of a nuclear war is most intensely created in the world. Only when the tension is removed and a durable peace ensured on the Korean peninsula can the peaceloving peoples of Asia and the rest of the world lead a peaceful life.

The Government of the Democratic People's Republic of Korea expresses its conviction that the governments and peoples of the world peaceloving countries will draw their deep attention to the situation prevailing on the Korean peninsula and actively support and help the definite realization of our epoch-making proposal on removing the danger of war in Korea and promoting well the North-South dialogue in favourable atmosphere.

Press Conference Held

SK121039 Pyongyang KCNA in English 1009 GMT 12 Jan 86

[Text] Pyongyang January 12 (KCNA) -- The Ministry of Foreign Affairs of the Democratic People's Republic of Korea published a statement urging the U.S. Government and the South Korean authorities to follow the DPRK Government's decision to stop all kinds of military exercises throughout the Northern half of the republic from February 1, 1986, as an important step to ease tensions on the Korean peninsula and create a decisively favorable climate for the dialogues between the North and the South.

The Information Department of the Foreign Ministry held a press conference Saturday in this connection. Present there were newspaper, news agency and radio reporters in Pyongyang and foreign correspondents here.

Pak Min-sop, director of the Information Department of the Foreign Ministry, made a speech. He first read the statement of the DPRK Foreign Ministry and said:

The DPRK Government's important step this time is intended to improve the North-South relations by easing tensions in Korea and creating a favorable atmosphere and environments for the dialogue at any cost, prevent unforeseen incidents which might be caused by massive military exercises and practically realize the relaxation of tensions by stopping military exercises.

Recalling that the great leader President Kim Il-song said in his new year address the military exercises against the other party to the dialogue must be stopped first of all in order to ease tensions, he elaborated on the sincere efforts made by the Government of the DPRK for the relaxation of tensions on the Korean peninsula in the past. He answered questions put by reporters.

NODONG SINMUN Special Article

SK130220 Pyongyang Domestic Service in Korean 2123 GMT 12 Jan 86

[NODONG SINMUN 13 January special article: "The Peace-Loving Proposal That Has Correctly Reflected the Situation on the Korean Peninuala"]

[Text] The DPRK Foreign Ministry, on 11 January, issued a statement noting that the DPRK Government has decided, as an important measure to ease tension on the Korean peninsula and create decisively favorable environments for dialogue between the North and the South, to refrain from large-scale military exercises throughout the northern half of the republic from 1 February 1986 and to stop all military exercises during the period of North-South dialogue. The statement proposed that the U.S. Government and the South Korean authorities announce, in response to our initiative, that they will not hold military exercises in the whole area of South Korea from 1 February 1986, and put this into practice.

Our proposal for the cessation of war exercises is another clear expression of the invariable stand and sincere efforts of our party and the Government of the republic for peace in Korea and the peaceful settlement of the Korean question. At the same time, it is a realistic and peace-loving proposal that has correctly reflected the situation on the Korean peninsula, and fully agrees with the desire of the Korean people and the peace-loving peoples of the world.

Our decision for the cessation of war exercise is an active measure to create a favorable environment and conditions for North-South dialogue. The great leader Comrade Kim Il-song, in his new year's address, said that tripartite talks should be held among us, the United States, and South Korea in order to solve fundamental problems so that the peaceful reunification of Korea can be achieved; the on-going talks between the North and the South should be conducted properly; and talks of the highest level should also be realized.

The Korean people and the peace-loving peoples of the world are expecting that, this year, the situation on the Korean peninsula will be eased, and North-South dialogue will bear good fruit. The great leader Comrade Kim Il-song has taught: To make North-South dialogue progress successfully, tension should be eased between the North and the South. To this end, above all, war exercises must not be staged against the opposite side to dialogue.

War exercises against the opposite side and dialogue cannot be compatible with each other. War exercises are intended to intimidate the opposite side by force of arms. Thus, they heighten tension and increase the danger of war. Amid such a situation, dialogue cannot be held smoothly, and success cannot be expected, even if dialogue is held.

Last year, the United States and the South Korean authorities persistently staged the "Team Spirit-85" joint military exercise despite the opposition of and protest by our people and the peoples of the world. By so doing, they caused the North-South dialogue, which was arranged with so much effort, to be discontinued and aggravated the situation. Such a situation must not be repeated.

With the stand of considering North-South dialogue precious and making further progress in it, we put forth the proposal this time, and put forward the same proposal through the MAC meeting held recently.

Carrying on North-South dialogue properly is precisely for the purpose of opening a favorable vista for the peaceful reunification of Korea and, thus, is a unanimous demand of the whole nation and the peoples of the world.

If our proposal receives a response of the United States and the South Korean authorities, it is clear that this will create a decisively favorable environment and conditions for North-South dialogue. If the United States and the South Korean authorities truly consider that dialogue is precious, they must not turn their faces away from our proposal and, thus, it is necessary that they cease provocative military exercises, which pour cold war over dialogue.

Our proposal for the cessation of military exercises is also a very beneficial measure to eliminate the danger of war on the Korean peninsula. Because of the war preparation maneuvers by the United States and the South Korean authorities, South Korea has been turned into a dangerous hotbed of a new war, and the Korean peninsula is in a grave situation in which the flames of war may shoot up again at any moment.

Moreover, under the circumstances that many nuclear weapons have been deployed in South Korea, if war breaks out, this will inevitably escalate into a nuclear war.

The "Team Spirit" exercises and other provocative military exercises which the United States has staged annually during the past 10 years were a preliminary war and experimental nuclear war against our republic. If such adventurous military exercises are repeated, the danger of war will further grow on the Korean peninsula and this may turn into actual warfare.

Our proposal, in which it was decided to cease military exercises and it was proposed that the United States and the South Korean authorities follow suit, is an entirely peace-loving proposal to eliminate the danger of a new war on the Korean peninsula and to preserve peace and security there. If the United States and the South Korean authorities respond to this proposal and take a similar measure, this will mark clear progress in guaranteeing peace and security on the Korean peninsula.

If our peace-loving and realistic proposal is realized, there is no doubt that North-South relations will be improved conspicuously and an affirmative change will be made in relations between the DPRK and the United States as well.

The proposal which the government of the republic put forth this time is also an important initiative to greatly contribute to defending the peace and security of the world. It is a unanimous desire of the people-loving peoples of the world to ease tension in every part on the globe and to live in peace without war and conflict. Preventing the danger of war on the Korean peninsula and achieving Korean peace and its peaceful reunification are of great significance in realizing the world people's desire for peace.

The Korean peninsula is the place where the danger of nuclear war is heaviest in the world. As publicly acknowledged, if a new war breaks out in Korea, this will easily escalate into a new world war, a thermonuclear war, and then not only the Korean people but also the peoples of the countries surrounding us and the peoples of the world will be unable to live in peace.

Thus, it is impossible to think that the peace and security of the Korean peninsula is separated from the peace and security of the world. This is, precisely, the reason why the peace-loving peoples of the world hope that tension will be eased in Korea and the reunification question of Korea will be settled peacefully, and fully support North-South dialogue.

Moreover, this year is the international year of peace. The peace-loving peoples of the world are hoping that, this year, an epochal turn will be effected in realizing their desire for peace. They are hoping that tension will be eased on the Korean peninsula and solid peace be achieved there, thus favorably influencing the maintaining of peace in Asia and the world. Contributing to defending the peace and security of the world by settling the reunification of Korea through dialogue and negotiations only and providing a firm precondition for guaranteeing the peace and security of the Korean peninsula is, precisely of great significance attached to our proposal put forth this time.

As soon as it was announced, our proposal without delay. Up to the present, the United States has talked a lot about peace in Korea and the easing of tension there, and said that it welcomes North-South dialogue.

The U.S. attitude toward our proposal will make it possible to tell whether this is true. If the United States desires peace in Korea and the easing of tension there, and welcomes North-South dialogue, it must declare that it responds to our initiative, and immediately put it into practice.

Whether tension is eased on the Korean Peninsula and whether North-South dialogue progresses successfully depends entirely on the U.S. attitude. The United States must cease the military exercises against us, and withdraw U.S. troops and nuclear weapons from South Korea. In order to ease tension in our country and create the condition and environment for reunifying the fatherland peacefully, the United States and the South Korean authorities must respond to our proposal for realizing tripartite talks and, thus, for replacing the Korean Armistice Agreement with a peace agreement and adopt a declaration of nonaggression between the North and the South.

If the United States and the South Korean authorities turn their faces away from our proposal and continue to move along the road of aggravating the situation and seeking war, while running counter to the demand of all Korean people and the peace-loving peoples of the world, their nature as the war maniacs and the disturbers of peace will be disclosed more clearly in the world, and this will only deepen their own isolation.

Radio Commentary

SK100842 Pyongyang Domestic Service in Korean 1149 GMT 9 Jan 86

[Unattributed commentary: "Voice That Does Not Work Anywhere"]

[Text] The U.S. imperialists have come up with strange and preposterous logic in a bid to justify their maneuvers to provoke a new war in Korea. Commenting on our proposal for restricting military exercises abetting confrontation in an effort to alleviate tension in Korea and to create a favorable environment for North-South dialogue, the U.S. imperialists said that this was an old insistence. Finding that this does not work in the face of world opinion, they are noisily clamoring this time that the military should conduct military exercises in order to perform its duty. This is double-dealing tactics and is a foolish attempt to conceal their real intention of aggravating tension in Korea and triggering a war of northward invasion.

As is known, our proposal for restricting military exercises does not mean renouncing all military exercises as a whole, but means restricting only those military exercises that may aggravate tension and influence North-South dialogue. This proposal also does not mean restricting the military exercises of one side, but means restricting all military exercises of both sides that may aggravate tension, irrespective of whether they are open ones or not. This is an expression of our side's sincere and generous efforts to realize substantial results in North-South dialogues, which are being held amid the great interest and expectations of the people of the world, by easing military tension on the Korean peninsula at any cost and by creating a good atmosphere for the dialogue.

The fair and aboveboard resolve the Korean question is dialogue and negotiations. This is why the broad social circles and people of the world not only have so urgently wanted the alleviation of tension between the North and the South of Korea and the creation of a good atmosphere for dialogue, but are also actively supporting and welcoming our proposal for restricting military exercises.

At a time when the conscience of the world is moving in this direction, however, the United States is attempting to stage this year, too, such a combined military exercise as the "Team Spirit" military exercise, a preliminary war and a nuclear test war, insisting on the need to perform military duty and the like. This shows that the U.S. talk about support for and welcoming of North-South dialogue is an out-and-out lie. Frankly speaking, if the United States needs to stage a military exercise in order for its military forces to perform their duty, it should stage the military exercise in its own country and territory. Why is it attempting to reek powder in South Korea, which is located far from the U.S. mainland?

If the United States is truly interested in peace and security in Korea, why is it recklessly running wild, driving the South Korean puppets, one party of dialogue, to war exercise rackets against us and clamoring about the so-called need to be ready to strike the heart of the North and to enervate the strategic, central area of the North?

No matter what trick it may use, the United States cannot deceive the fair and above-board public opinion of the world, nor can it conceal its true color as the ringleader who is throwing a wet blanket over North-South dialogue.

The war exercise that will bring about the dark clouds of war is incompatible with dialogue. In an atmosphere in which powder is reeking, progress in dialogue cannot be expected, even if both sides sit face to face. This is our consistent stand. If they want to support North-South dialogue, the U.S. authorities should rapidly take practical measures to renounce the war exercises aggravating military tension, as proposed by us. Whether or not they take practical measures constitutes a touchstone determining whether or not they truly want peace in Korea and its peaceful reunification.

PAPER URGES EARLY REALIZATION OF 3-WAY TALKS

SK101004 Pyongyang Domestic Service in Korean 2147 GMT 9 Jan 86

[NODONG SINMUN 10 January special article: "Tripartite Talks Should Be Realized at the Earliest Possible Date"]

[Text] It has been 2 years since the joint meeting of the Central People's Committee of the DPRK and the Standing Committee of the Supreme People's Assembly put forth the proposal for tripartite talks among us, the United States, and South Korea for the peaceful settlement of the Korean question.

In his new year's address this year, the great leader Comrade Kim Il-song once again stressed the early realization of the tripartite talks. The great leader Comrade Kim Il-song has taught: To settle the basic question of achieving the reunification of Korea peacefully, tripartite talks should be held among our republic, the United States, and South Korea.

Our proposal for tripartite talks is an epochal, nation saving proposal to ease tension on the Korean peninsula, to eliminate the cause of war, and to provide a precondition for achieving the independent and peaceful reunification of the country. All the developments in the situation over the past 2 years since we put forth the proposal for tripartite talks prove the correctness of our proposal. Because of its correctness, the proposal for tripartite talks has earned the active support of all Korean people in the North and the South and of the overseas compatriots, and has aroused great sympathy among the peoples of the broad strata of the world.

We have made all efforts to realize tripartite talks at the earliest possible date and to ease the overall situation. We have repeatedly expressed on every occasion our comprehensive and generous stand toward the tripartite talks, called for an early realization of the talks, and made all possible efforts to exchange views through a face-to-face meeting, if possible. Nevertheless, even if 2 years have passed since it was put forth, our proposal for tripartite talks has not been realized, because the opposite side has not responded to it.

The United States is substituting the bilateral North-South talks for our proposal for tripartite talks. This is not a stand to settle the question with sincerity. The reality of the Korean peninsula, where tension is being heightened, above all, calls for removing the danger of war, guaranteeing peace, and creating a favorable condition and atmosphere for the independent and peaceful reunification of the country. Our proposal for tripartite talks is precisely for the purpose of settling this urgent question.

As for the dialogue between the North and the South, it is for the purpose of settling the internal affairs of the nation, such as the recovery of the severed national relations, the improvement of North-South relations, and the achievement of the reunification. Thus, it can be held successfully only when tension is eased and a guarantee for peace is provided through tripartite talks.

In reality, last year, dialogue and contacts were realized in many areas between the North and the South through our active proposals and efforts. However, no progress was made in any dialogue and contact, and the situation of the country was further aggravated. The situation was aggravated, instead of being eased, even if dialogue was held. This was because large-scale war exercise commotions were ceaselessly stated in South Korea against us, and the military buildup and military provocations continued there. This shows that no progress can be made in the North-South dialogue, unless solid peace is guaranteed on the Korean peninsula. To achieve the reunification of Korea peacefully, tension should be eased preferentially, a firm guarantee for peace should be provided. To this end, the precarious Korean Armistice Agreement should be replaced with a peace agreement, and the arms race and military confrontation between the North and the South should end. These questions can be settled only through tripartite talks among us, the United States, and South Korea.

The United States is an actual party to the conclusion of the Korean Armistice Agreement. Even today, it sits face to face with us in Panmunjom. Therefore, the question of replacing the Armistice Agreement with a peace agreement should be settled through the talks between us and the United States -- the two parties to the conclusion of the Armistice Agreement -- by arranging a face-to-face meeting.

The United States is the ringleader that aggravates the situation, while exercising the prerogative of supreme military command in South Korea. For more than 40 years, the U.S. imperialists have occupied South Korea by the force of arms, have acted as masters there, and have obstructed the reunification of Korea. The United States is keeping some 40,000 U.S. troops equipped with up-to-date lethal weapons, and numerous nuclear weapons of all kinds and nuclear delivery means in South Korea. It is persisting in war maneuvers, while keeping all armed forces in South Korea under its control. The United States is precisely the one that has introduced numerous nuclear weapons of all kinds into South Korea and, thus, has turned South Korea into a nuclear weapon exhibition place and into a hotbed of the most dangerous nuclear war in the world. At the same time, the United States is precisely the one that directs all small- and large-scale war exercises ceaselessly staged in South Korea and instigates the South Korean puppets to military confrontation with us by offering arms and equipment to them.

Last year, too, the U.S. imperialists staged the "Team Spirit-85" joint military exercise by mobilizing a great number of troops, some 200,000. By so doing, they placed the North-South dialogue in a state of cessation for as long as half a year, thus aggravating the situation.

While turning its face away from tripartite peace talks among us, the United States, and South Korea, the United States is further intensifying the triangular military collusion among the United States, Japan, and South Korea. Under these circumstances if questions are not settled through a direct dialogue with the United States, tension cannot be eliminated in our country, the danger of war cannot be removed, and a practical way cannot be opened for the peaceful reunification of the country.

Today, for the settlement of the basic question of achieving the reunification of Korea peacefully, there is no other way than holding tripartite talks among us and the United States and South Korea, directly responsible for creating tension in the Korean peninsula. The United States' turning its face away from tripartite talks cannot be construed otherwise than as something to keep South Korea as its military base and nuclear armory forever and to threaten and invade our republic and other countries in Northeast Asia.

If the United States continues to turn its face away from our proposal for tripartite talks, continues the military buildup, and stages such provocative war exercise as "Team Spirit" again as it did last year, in front of the peoples of the world, it will only be as the disturber of peace and the aggressor.

Tripartite talks should be realized at the earliest possible date. If the Korean Armistice Agreement is replaced with a peace agreement through tripartite talks and if a declaration of nonaggression is adopted between the North and the South, this will provide a fundamental precondition for easing tension in our country, guaranteeing peace, and achieving the independent and peaceful reunification of the fatherland. At the same time this will encouragingly function in smoothly seeking North-South dialogue.

In our proposal for tripartite talks, the demands put forth by the United States and the South Korean authorities have been adequately considered. Therefore, there should be absolutely no reason why the United States and the South Korean authorities cannot accept it.

If the United States truly desires Korean peace and reunification, it must abandon the anachronistic policy of war and the policy of two Koreas, respond to our proposal for tripartite talks, and, first of all, withdraw nuclear weapons and U.S. troops from South Korea without delay in accordance with the spirit of the Soviet-U.S. summit in Geneva.

We will make efforts continuously and patiently to realize the proposal for tripartite talks actively supported by all Korean people and the progressive peoples of the world because of its justness.

Peace on the Korean peninsula is directly linked to peace in Asia and throughout the world. We expect that, as in the past, the peace-loving peoples of the world will actively cooperate so that our proposal for tripartite talks for the peaceful settlement of the Korean question will be realized at the earliest possible date.

Our people's just cause for peace and the peaceful reunification of the fatherland will certainly be achieved with the support and interest of the entire nation and the peace-loving peoples of the world.

U.S. PARATROOPERS IN SOUTH STRAIN SITUATION

SK121045 Pyongyang KCNA in English 1007 GMT 12 Jan 86

[Text] Pyongyang January 12 (KCNA) -- It has been disclosed that the U.S. imperialist aggressors have (?hurled) into South Korea a detachment of parachute troops composed of thugs to be stationed there, according to a radio report from Seoul. The paratroops which have been beefed up since Reagan took office are a "secret army" of the United States mainly intended for surprise attacks on the countries aspiring after chajusong and terrorism and murder against the peoples waging an anti-U.S., anti-imperialist struggle. Deployment of such parachute troops in South Korea vividly reveals how closely the U.S. imperialists are watching for a chance to invade the Northern half of the country, constantly rendering the situation on the Korean peninsula extremely strained.

Papers Denounce Deployment

SK121206 Pyongyang KCNA in English 1044 GMT 12 Jan 86

[Text] Pyongyang January 12 (KCNA) -- MINJU CHOSON and PYONGYANG SINMUN denounce the U.S. imperialists for have deployed [as received] a detachment of parachute troops specialized in terrorism in South Korea. The U.S. imperialists' parachute troops are terrorist groups specially trained to commit murder, subversive activities and sabotages in any country and any region of the world.

Noting that the deployment of such vicious terrorist group in South Korea shows that the U.S. imperialists' moves to unleash another war in Korea have reached a very grave stage, the author of a commentary of MINJU CHOSON says: These days the U.S. imperialists are plotting intrigues against the Korean people carping on the DPRK. The United States has committed even such ridiculous acts as spreading a false report as if the "backstage manipulators" of the blasts at the international airports in Rome and Vienna had once been trained in our country.

The U.S. imperialists' deployment of a unit specialized in terrorism in South Korea has something to do with their smear campaign against our republic. They are a deliberate move for all-out offensive against our people. The United States claims that the reinforcement and deployment of the parachute troops is to "counter terrorism." But this is a lie to conceal its brigandish nature. U.S. imperialism is precisely the ringleader of international terrorism who uses terrorism as a means of realizing its aggressive designs on other countries.

NODONG SINMUN ON PREVENTING THERMONUCLEAR WAR

SK120042 Pyongyang Domestic Service in Korean 2116 GMT 9 Jan 86

[NODONG SINMUN 10 January Editorial: "Let Us Prevent a New World War, Thermonuclear War, and Safeguard World Peace and Security"]

[Text] In his 1986 new year's address, the great leader Comrade Kim Il-song clarified the stand of our party and the government of the republic on the most pressing question in international politics at present. The respected and beloved Comrade Kim Il-song has taught: The most pressing question in international politics at present is to prevent a new world war, a thermonuclear war, and, thus, to safeguard world peace and stability.

The respected and beloved leader Comrade Kim Il-song's teaching, which states that preventing a new world war, a thermonuclear war, and safeguarding world peace and stability are the most pressing question in international politics at present, is the great ideology reflecting the lofty stand of the future destiny of mankind and the unanimous aspirations and desires of the people of the world, and is vigorously inspiring the peace-loving and progressive peoples of the world to state the anti-imperialist antiwar, and antinuclear struggle for defending peace.

There is nothing as pressing before mankind today as preventing a new world war, a thermonuclear war. Because of the ever intensified maneuvers of the imperialists for aggression and war today, the international situation has become extremely tense and the danger of a new world war is increasing with each passing day.

Imperialism is the source of war and the destroyer of peace. While openly talking about a nuclear war, the U.S. imperialists, who have the invariable wild ambition to dominate the world, have not only made desperate efforts for a military buildup and expansion and accelerated the production and deployment of weapons of mass destruction, including nuclear weapons, but have also frantically run wild in war preparations by reinforcing their armed forces of aggression throughout the world. The U.S. imperialists have gone so far as to viciously push ahead with the "star wars" plan in a bid to turn space into the site of thermonuclear war.

Because of the imperialists' policy of war, the world faces the danger of a new war, and mankind is standing at the crossroads of war and peace. If a new war broke out, it would be a thermonuclear war and world wreck disaster for mankind. Preventing a nuclear war and defending peace is the serious task of the present time. The Soviet-U.S. summit talks held last year in Geneva, Switzerland reflected the urgent demand of this situation. The summit talks discussed the problems of realizing nuclear arms reduction and of preventing a nuclear war, jointly confirmed that a nuclear war must not break out, and reached a series of principled agreements.

Our people, who have consistently made efforts for world peace, hope that the results of the Soviet-U.S. summit talks will affirmatively work in preventing a nuclear war and in preserving peace and that meetings to be continued in the future will bring about greater success in preserving world peace.

In his new year's address, the great leader Comrade Kim Il-song taught that to prevent a thermonuclear war and to preserve peace all the peace-loving people of the world should firmly unite and vigorously stage the struggle to check and frustrate the imperialists maneuvers for arms buildup and a nuclear war, to reduce nuclear weapons, and finally to abolish them completely. The great leader Comrade Kim Il-song's teaching elucidates the way for strengthening the anti-imperialist, antiwar, and antinuclear struggle of the people of the world.

Peace does not come automatically. It can be achieved only through the struggle against imperialists, the ringleaders who are disturbing peace, and their policy of war.

Preventing thermonuclear war and defending peace is the most pressing question common to all places in the world, to all countries, and to all peoples of the world, regardless of in which continents and regions they live.

This being the case, strengthening the anti-imperialist, antiwar, and antinuclear struggles by the world's peace-loving peoples in unity is a fundamental issue to prevent a new world war, a thermonuclear war, as well as a firm guarantee for achieving successes in this struggle.

The movement for the creation of nuclear-free, peace zones which is being tenaciously launched in various places, such as in northern Europe, the Balkan peninsula, Northeast Asia, the South Pacific, Africa, and Latin America, is testimony to the rock-firm will of the people who are determined not to tolerate a nuclear war at all costs, and is winning positive support and sympathy from the world's vast peoples. Expanding and strengthening this movement will become one of the important methods to check and frustrate the imperialists' plot to provoke a thermonuclear war. We consider it necessary for all peace-loving peoples of the world to further strengthen the struggle aimed at creating nuclear-free, peace zones in various places of the world and at expanding these zones.

One of the important factors to ensure world peace is to prevent a nuclear war from breaking out on the Korean peninsula. In his new year's address, the great leader Comrade Kim Il-song taught: The Korean peninsula is a place where the danger of a nuclear war is most imminent. There is no place in the world that has nuclear weapons of various kinds so densely developed as in South Korea. South Korea has become a source of a most dangerous nuclear war. If a nuclear war breaks out on the Korean peninsula, it can easily escalate into a global thermonuclear war.

Today, the Korean peninsula has become a place where the danger of a nuclear war is most conspicuously present. There is no place on earth where various kinds of nuclear weapons, including nuclear missiles, nuclear mines, and nuclear bombs, and the means to deliver them are so densely deployed as in South Korea. In terms of the density of deployment of nuclear weapons, South Korea has four times more than that of the NATO countries.

Some 1,000 nuclear weapons of various kinds have been deployed in South Korea, and a great number of even neutron bombs -- which are being rejected as the Devil's weapon of the 20th century -- and nuclear backpacks -- the smallest nuclear weapons -- have been shipped into South Korea. The areas around the Military Demarcation Line in South Korea are the only places in the world where nuclear mines have been planted. Not content with this, the U.S. imperialists are trying to introduce into South Korea even B-52 strategic bombers, cruise missiles and Pershing II missiles, while dragging South Korea into the adventurous "star wars" plan, a plan for conducting nuclear war in space.

The U.S. imperialists, who have deployed a great number of nuclear weapons in South Korea, are in reality maneuvering to provoke a nuclear war in Korea. It is widely known that the "Team Spirit" joint military exercises, which the U.S. imperialists stage together with the South Korean puppets as if they were an annual function, is a preliminary nuclear war against the Northern half of the republic.

As is demonstrated by various facts, South Korea has now become a source of most dangerous nuclear war, and the Korean peninsula has become a most tense and acute place where any accidental element can cause a nuclear war to break out.

Preventing the danger of a nuclear war and guaranteeing lasting peace on the Korean peninsula has emerged as a most pressing issue that cannot be postponed for even a moment. Not only is preventing the danger of a nuclear war on the Korean peninsula a question of life and death related to the destiny of the Korean people, but it is also an important question that is directly linked to world peace and stability.

Under circumstances as today in which nuclear weapons are no longer monopolized and in which vast numbers of nuclear weapons have been deployed in the various corners of the world, a nuclear war, wherever it may break out, can easily escalate into a global thermonuclear war, going out of a regional boundary. What is more, in view of the fact that the U.S. imperialists' Korean strategy is part of their world strategy, the war of aggression that the U.S. imperialists will provoke on the Korean peninsula runs a great risk of escalating into a war of global proportions.

The Korean peninsula occupies an important place in the U.S. imperialists' strategy to bring the world under their control. The intensity of the military and strategic significance the U.S. imperialists attach to the Korean peninsula is also clearly seen in the fact that the U.S. authorities rave that South Korea is the front-line of U.S. strategy, and that the Korean peninsula is a testing ground for the confrontation of strength in the eighties. It is precisely the U.S. imperialists that are trying to keep South Korea as a foothold to prevent the fall of their colonial rule in Asia, as a bridgehead to attack the Northern half of the republic and invade other countries, and as a stronghold to expand the sphere of their influence. Proceeding from this, above all, the U.S. imperialists are scheming to hold South Korea as a colony and military base forever by intensifying the policy of aggression and intervention against Korea, and accelerating war preparations to attack the Northern half of the republic.

Because of such world strategy of the U.S. imperialists and their strategy against Korea, their preparations for a new Korean war are precisely a factor which endangers peace in Asia and the world. It is clear that, if the U.S. imperialists light the flames of war on the Korean peninsula, it will not remain within the boundaries of Korea but will precipitate a nuclear war in Asia and the world. If the danger of nuclear war is not prevented in Korea, peace and security in the world can never be guaranteed. To prevent the danger of nuclear war in Korea and to eliminate its cause, nuclear weapons of all kinds and the U.S. troops must be withdrawn from South Korea, and the Korean peninsula must be turned into a nuclear-free peace zone.

As the respected and beloved leader Comrade Kim Il-song noted in his new year's address, whether the United States will withdraw its nuclear weapons and troops from South Korea will become clear evidence of how it will accept the spirit of the agreement at the Soviet-U.S. summit at which nuclear war was opposed. Not in words but in actual deeds the United States must not seek nuclear war anywhere in the world in accordance with the spirit of the agreement at the Soviet-U.S. summit and, above all, must take a step without delay to withdraw nuclear weapons and U.S. troops from South Korea.

Holding tripartite talks between our republic, the United States, and South Korea, as we have proposed, is a rational way to prevent the danger of nuclear war in Korea and to settle the fundamental questions of achieving the reunification of Korea peacefully. If the Korean Armistice Agreement is replaced with a peace agreement by realizing tripartite talks and if a declaration of nonaggression is adopted between the North and South, tension can be eased on the Korean peninsula, peace can be preserved and solidified, and the conditions and atmosphere for the peaceful reunification of our country can be created. The United States must abandon its anachronistic policy of two Koreas and its reckless maneuvers to ignite a new war of aggression in Korea and respond to our proposal for tripartite talks. Our people will firmly struggle to frustrate and thwart the war maneuvers which the imperialists are intensifying with each passing day, to end the military buildup and arms race, and to realize comprehensive and complete disarmament. We expect that the progressive and peace-loving peoples of the world will direct deep attention to the tense situation on the Korean peninsula.

War is not something inevitable, although the world situation is presently tense and the danger of a nuclear war is very great. The peace-loving forces of the world are incomparably superior to the imperialist forces of aggression. Under these circumstances, if the socialist forces, the international communist movement, the Nonaligned Movement, the national liberation movement, and all other peace-loving forces of the world firmly unite and struggle by pooling their strength, the imperialists' policy of aggression and war can be frustrated and thwarted and the peace and security of the world can be defended. As in the past, our party, the government of the republic, and our people will struggle firmly in order to oppose war and defend peace by uniting firmly with the socialist countries, nonaligned countries, and all other peace-loving forces of the world.

SOLIDARITY COMMITTEE HITS U.S. ANTI-LIBYAN MOVES

SK110505 Pyongyang KCNA in English 0455 GMT 11 Jan 86

[Text] Pyongyang January 11 (KCNA) -- The Korean Committee for Asian-African Solidarity strongly denounces the anti-Libya aggressive moves of the U.S. imperialists and the Israeli Zionists as a flagrant encroachment upon the security, sovereignty and territorial integrity of Libya, a sovereign state, and a grave threat to the peace and security of the Middle East and Mediterranean regions. This was declared by the Korean Committee for Asian-African Solidarity in its statement dated January 10 on the ever-more undisguised acts of aggression and intervention of the United States and Israel against Libya these days. It says:

Today the United States and Israel are daily intensifying the anti-Libya campaign. This is aimed at barring the struggle of the Libyan people advancing along the road of independence against imperialism, breaking the ever-rising spirit of struggle against the United States and Israel in the Middle East and realizing their aggressive designs in the region. Deliberately linking the explosions in Rome and Vienna last year with Libya, the United States and Israel are trying to justify their aggressive act. But it is no more than a sophism to conceal their ulterior intention. We resolutely demand that the United States and Israel stop their military provocation and intervention against Libya and immediately withdraw their aggression armed forces massed in this region. The Korean Committee for Asian-African Solidarity will, in the future, too, remain firmly on the side of the Libyan people resolved to defend the country and revolution, staunchly countering the aggressive moves of the U.S. imperialists and Israeli Zionists, and will actively support them with might and main in their just struggle.

FILM RECEPTION FOR CHINESE OFFICIALS TO MAC HELD

SK130507 Pyongyang KCNA in English 0501 GMT 13 Jan 86

[Text] Pyongyang January 13 (KCNA) -- The Kaesong Municipal Administration and Economic Guidance Committee arranged a film reception on January 11 for the officials of the Liaison Office of the Chinese People's Volunteers [CPV] to the Military Armistice Commission on the occasion of the new year. Invited to the reception were Tian Sheng, member of the Chinese People's Volunteers of the Korean-Chinese side to the Military Armistice Commission; Tang Daokai, chief of the CPV Liaison Office to the MAC, and officials of the office. Present there were Chon Ki-hyon, vice-chairman of the Kaesong Municipal Administration and Economic Guidance Committee, and others. The attendants saw the Korean feature film "Spring Thaw."

VNS ON SOUTH'S POLITICAL SITUATION IN 1986

SK100126 (Clandestine) Voice of National Salvation in Korean to South Korea 0300 GMT
1 Jan 86

[Roundtable talk among moderator Sin Se-yong, station commentator Kim and announcer Ko Il-chol: "Diagnosis of the Political Situation of 1986"]

[Text] [Moderator Sin Se-yong] The year 1985 was a convulsive year, a gloomy year as a result of the corrupt 12 February election concocted by government authority and financial influence. During the year, the anti-U.S. and antigovernment advance movement of students and workers became positive with the increase of the people's pent-up ardent desire for democracy, independence, and reunification and with the intensification of campus and management-labor problems. The seizure of the American Cultural Center in Seoul and an anti-Chon Tu-hwan coup attempt attracted public attention at home and abroad. Last year was a convulsive year characterized by Chon Tu-hwan's second visit to the United States, by the 40th anniversary of liberation, by the exchange of the home-visiting groups and artistic troupes between the North and South, and by the heated atmosphere of the political situation on the eve of the opening of the 128th regular National Assembly session. Seeing off 1985 and greeting the new year 1986, we are here to jointly diagnose the political situation in the new year. Who would like to speak first?

[Station commentator Kim] A convulsive political situation is expected in the new year. I believe that the feelings of discontent that have been suppressed coercively for a long time will explode simultaneously because we have seen off the old year without removing the factor of deep-rooted discontent with the United States and with the Chon Tu-hwan group. It is expected that the flames of confrontation will burn from the outset of the new year.

[Announcer Ko Il-chol] What we can tell definitely at this moment is that the aspect of the suppression of the people by the rulers, who have resorted to violence, will be further intensified in the new year and that, in direct proportion to this, the resistance of the patriotic people against this will be further intensified. First of all, the Chon Tu-hwan group will step up the suppression of the people in the new year. As is known, last year was a year of frenzy interwoven with the fascist suppression of the people. Last year was virtually plagued by bayonets, by coercive and illegal arrests, by murderous tortures, by political trials, and by mass imprisonment. The acts of fascist frenzy will increase in the new year. This tyrannical attitude is related to the emergence of off-stage opposition party forces -- democratic and patriotic forces -- which demanded, prior to election conducted last year, the direct election of the president and the removal of all antidemocratic forces and elements, and to the fact that the crime committed by the United States and the legitimacy of the Chon Tu-hwan regime -- the *raison d'etre* of the present regime -- posed a problem with the more voices being raised to demand an investigation of the barbarous mass holocaust in Kwangju, reference to which had been regarded as criminal. What the Chon Tu-hwan group feared was the fact that voices urging those concerned to bear responsibility for the barbarous act of slaughtering, en masse, the Kwangju citizens who rose against the 17 May coup staged by this group had quickly expanded into mistrust of and discontent with the United States and with the Chon Tu-hwan group among all the people.

[Kim] As a matter of fact, the people denied head-on the U.S. domination of South Korea and the legitimacy of the present regime. In addition to this, the campaign to collect 10 million signatures for revision of the constitution, the carrying out of which had begun at the end of last year, shook the foundation for the existence of the Chon Tu-hwan regime from the bottom.

The Chon Tu-hwan group's attempt to step up the suppression of patriotic forces in the new year is related to intensification of discord between this group and the popular masses. It is expected that because the present regime has greeted the new year without removing this intensified discord, the regime will much more brazenly step up its tyrannical offensive against the resistance forces this year by much more perversely and subserviently following the United States.

[Moderator] When we view the trends in political circles, we can see that No Tae-u, chairman of the DJP, has emerged to the surface and made absurd and hardline remarks, showing a hardline stand for stepping up the suppression of the people.

[Ko] That is right. This year, Chon Tu-hwan will positively use No Tae-u, who is occupying a central position in the ruling party, in order to effectively cope with the demands of the people, off-stage forces, and opposition party figures for objection to the U.S. pressure for opening markets, for the direct election of the president, and for the mid-term resignation of Chon Tu-hwan. Dreaming of being the next president, No Tae-u will positively support Chon Tu-hwan's hardline position because he has the same view as that maintained by Chon Tu-hwan, in the vein of maintaining the present fascist, colonial, and dictatorial system. It is expected that fascist despotism will be further intensified in the new year through joint and cooperative operations by the Chon Tu-hwan and No Tae-u faction.

[Moderator] Then it becomes crystal-clear where the brunt of tyranny will be directed in the new year.

[Kim] I believe that the brunt of tyranny will be directed to the anti-U.S. forces for independence. In light of the constitutional structure of the present regime, which cannot survive without the United States, and in light of the status of the anti-U.S. struggle, which has further expanded with the passage of time, the Chon Tu-hwan group will surely direct the brunt of tyranny toward strangling the anti-U.S. struggle for independence.

[Ko] I believe so. Tyranny will be focused on students, workers, and intellectuals who are taking the lead in the anti-U.S. struggle for independence. As has been shown by instances from last year, their struggle is not limited to the demand for the resignation of Chon Tu-hwan. They have continued the anti-U.S. struggle by continuously seizing not only the buildings of the government and the ruling party but also U.S. facilities and buildings, and by staging sit-ins at these buildings.

[Kim] The anti-U.S. and antigovernment struggles have developed in depth and scope. [Passage indistinct] As is known, the prospects for the South Korean economy are very dismal, given the burden of sluggish exports and accumulated foreign debts. The number of unemployed has increased in geometric progression as a result of extended economic depression, and the military regime is shuddering because of daily-increasing labor disputes. Students and intellectuals are denouncing the government in connection with such a social and political problem. Underlying the stepped-up movement of intellectuals and students, of disputes between employers and employees, and of the labor movement is the people's deep-rooted discontent with economic depression, with resultant unemployment, and with economic catastrophe. Because the people have carried out the anti-U.S. and antigovernment advance movement in such a situation, the Chon Tu-hwan group regards their advance movement as a vital problem directly related to its existence. It is expected that because of this, the Chon Tu-hwan group will stop at nothing to strangle the anti-U.S. struggle for independence and the anti-fascist struggle for democracy, which is linked to the former, and will mobilize all tyrannical forces to achieve this end.

[Ko] It is also expected that the Chon Tu-hwan group will much more positively carry out maneuvers this year to cunningly appease, divide, and undermine the anti-U.S. and antigovernment forces, encompassing students and workers, forces criticizing the government, opposition parties, and off-stage forces. It is expected that various conspiratorial operations will be carried out to internally divide and undermine these democratic and patriotic forces and to cut the bonds or ties of sympathy between these forces and the patriotic people. The second and third Sammin Struggle Committee incidents and incidents resembling the case or example involving the Council for Promotion of Democracy and the spy ring incident -- the alleged infiltration of overseas Korean students into campuses -- will be fabricated and then announced in the new year at any time if necessary. Such new political incidents as the noisy incident caused by the election of the vice National Assembly speaker -- an incident designed to divide the opposition party -- will be concocted repeatedly.

[Moderator] What do you predict regarding the political situation under these circumstances? How do you view the prospects for the struggle of the people from all walks of life?

[Ko] As was briefly noted previously, because we greet the new year without removing the factor of discontent with the United States and with the Chon Tu-hwan regime, feelings of pent-up resentment will possibly deepen and explode this year. Just as a spring springs back after being compressed, a convulsive phase, in which feelings of pent-up discontent -- that is, anti-U.S. and antigovernment sentiment regarding such matters as lifting of U.S. pressure for opening markets, the withdrawal of U.S. forces and nuclear weapons from South Korea, objection to joint South Korea-U.S. military exercises, an end to U.S. economic aggression, an investigation into the barbarous mass holocaust in Kwangju, the transfer of the prerogative of the supreme command of the armed forces, the suppression of campuses, the direct election of the president, constitutional revision, objection to the Asian Games, management-labor disputes, and objection to economic control -- explode simultaneously, will open this year.

[Kim] I believe that the campaign to seek 10 million signatures in support of constitutional revision, which is being forged ahead with, will be carried out from the outset of the year. It is expected that confrontation between forces demanding constitutional revision and the Chon Tu-hwan group will be stepped up in the direction of encompassing the people from all walks of life.

[Ko] It is also expected that students and workers will powerfully carry out the anti-U.S. struggle for independence and the antifascist struggle for democracy by continuously upholding a fighting idea -- a strategy for the movement that they have spontaneously developed. Students will once again simultaneously open fire, signaling the start of their struggle for democracy with the new semester as momentum. While striving to bring about a qualitative leap in their movement, they will expand and develop the anti-U.S. and antigovernment struggle to a higher stage. At the same time, it is expected that organizational ties and combined and joint acts among fighting forces will be sought on a much more matured level.

[Moderator] We have viewed the political situation in the new year from the perspective of the Chon Tu-hwan regime's attitude and policy toward the people. Now, I would like to change this perspective to the present ruling group's attitude and policy toward North Korea and toward the North Korean people -- that is, the prospect for preserving peace on the Korean peninsula and for peaceful reunification.

[Ko] This issue should be viewed along the same lines. The Chon Tu-hwan group's way to seek survival, given that it regards the people and the nation as enemies and desires to conquer them with strength -- and this group's ruling ideology do not establish a distinction between the North and the South.

Just as this group regards the South Korean people as an enemy and desires to rule them through violence, it regards the North Korean fellow countrymen as an enemy and desires to conquer them with arms. It is absurd to expect of it peace and the peaceful reunification of the Korean peninsula.

[Kim] That is right. In a word, the prospect for reunification is still dismal. The Chon Tu-hwan group will stick to a disguised policy for reunification in the new year on the basis of an anticommunist policy. While seeking two Koreas, it will frantically run amok to make preparations for a war of northward invasion. Such an attitude of opposing reunification was clearly proven last year.

While boisterously calling for the reunification of the Korean peninsula and for the preservation of peace in words only, the Chon Tu-hwan group, last year, actually accelerated military buildup for the purpose of invading the North with arms and purchased lethal weapons and military hardware daily. While shouting for holding dialogue to the face, it boisterously called for victory over and the annihilation of communists behind the curtain and mercilessly suppressed with bayonets the people's slightest expression of the will for reunification.

It is expected that such an attitude of division and the line of achieving reunification with arms will continue in the new year.

[Ko] In particular, the Chon Tu-hwan group will strive to abuse the 1986 Asian Games in order to make two Koreas an internationally established fact and in order to promote the anticommunist and anti-North consciousness of confrontation. At the same time, it will frequently concoct fictitious incidents in the new year, such as the southward dispatch of a spy ring and a firing incident, in the DMZ in order to find an excuse for suppressing the advance movement of students and workers and forces criticizing the government and to instill hostile sentiments against the North into the people. It will zealously conduct false propaganda, saying that the North has sent a large armed spy ring to the South to hinder the Asian Games, has destroyed a certain plant, and has killed someone.

[Kim] In contrast, it is expected that the people, after having insight into the underhanded design of the Chon Tu-hwan and No Tae-u group to provide, behind the curtain of North-South dialogue, favorable conditions for maintaining long-term power and for concocting two Koreas, will much more briskly wage their struggle to oppose the U.S. strategy for nuclear war and to achieve peace and the peaceful reunification of the Korean peninsula.

[Moderator] As has just been noted, when we view and give predictions regarding the future political situation in the new year, the basic force that will lead the domestic political situation in the future is the popular masses, the master of history. In conclusion, the political situation this year will represent a fierce struggle between the democratic and patriotic force, which has provided a springboard in a much more extensive manner than ever before, and the Chon Tu-hwan and No Tae-u group, which will suppress the people in a much more sophisticated manner. In the course of this struggle, history will advance, and the crisis of power maintained by the Chon Tu-hwan and No Tae-u group will be further deepened.

The year 1986 might possibly become a year that will furnish a most rich topic of conversation in the history of politics in South Korea and in peacetime [as heard], and that will provide a great opportunity with regard to the development of history. We will close this meeting, with the hope that the new year will become the year of victory that will remain in history forever. Thank you.

GOVERNMENT MAY POSTPONE 'TEAM SPIRIT' EXERCISE

OW111251 Tokyo KYODO in English 1239 GMT 11 Jan 86

[Text] Seoul, Jan 11 KYODO -- South Korea Saturday rejected a North Korean call to scrap a joint military exercise with the United States but hinted that it may postpone the maneuvers. A government source outlined the South Korean position shortly after North Korea announced that it has decided not to conduct a large-scale military exercise planned for early February and called on the South to reciprocate.

"We have no plans to cancel the joint U.S.-Korean joint exercise 'team spirit,' which is held every year," the source said. However, the official indicated that Seoul was ready to postpone the exercise "out of consideration for the North-South dialogue."

The "team spirit" exercise, which lasts for about two months, usually begins around early February and an announcement of details on this year's exercise had been scheduled for Saturday. However, officials said the government had decided to call off the announcement, leading to speculation that South Korea may decide to postpone the exercise or scale it down. North Korea's decision to call off its own military exercise came after it twice urged the South in Military Armistice Commission sessions -- first on December 7 and again on January 3 -- to halt military maneuvers in the South.

JAPAN'S TANI TO VISIT NORTH IN 'PERSONAL' ROLE

SK130203 Seoul YONHAP in English 0140 GMT 13 Jan 86

[Text] Seoul, Jan. 13 (OANA-YONHAP) -- Japan has informed South Korea that the planned visit to North Korea by Rep. Yoichi Tani was strictly in a private capacity, a ranking Korean Foreign Ministry official said Sunday. The official was commenting on a report that Nakasone would send of the Liberal Democratic Party to Pyongyang with a personal message to North Korean leader Kim Il-song.

"It would be inconceivable that Tani would deliver Prime Minister Nakasone's message or visit North Korea as his special envoy," the official quoted the Japanese Foreign Ministry as saying. Japan has made it clear that Tani's visit to Pyongyang, scheduled for Jan. 14-17, will be made in a "personal capacity," he added.

Tani, acting chairman of the Japan-North Korea Parliamentary Friendship League, has tried to improve relations with North Korea, with which Japan has no diplomatic relations, by negotiating a fisheries agreement and by promoting bilateral trade. Without substantial progress in inter-Korean dialogue, the official said, it would be detrimental to the preservation of balance on the Korean peninsula for Japan to try to accelerate its contacts with North Korea.

South Korea, counseling Japan to use prudence in dealing with Pyongyang, has repeatedly urged the neighboring powers to play a constructive role, based on reciprocity and equilibrium, in the easing of tensions and the maintenance of peace on the Korean peninsula, the official said.

SHEVARDNADZE'S JAPAN VISIT AFFECTS NORTH TIES

SK121130 Seoul Domestic Service in Korean 1000 GMT 12 Jan 86

[Report by Tokyo correspondent Chong Yong-sok]

[Text] The Japanese paper TOKYO SHIMBUN reported today from Moscow that the postponement of Soviet Foreign Minister Shevardnadze's visit to Pyongyang until after the Japanese-Soviet foreign ministers' meeting scheduled to be held in Tokyo has put North Korea, which seeks to move closer to the Soviet Union, in a very delicate position.

Originally, Shevardnadze's visit to Pyongyang was scheduled for 13-14 January, prior to the meeting of the Japanese and Soviet foreign ministers, scheduled for 15 January in Tokyo.

TOKYO SHIMBUN said that the Soviet foreign minister's direct flight to Tokyo without prior consultation, despite the fact that the Japanese and Soviet foreign ministers will certainly discuss the Korean peninsula question as an issue of important concern, is causing North Korea to feel isolated. Diplomatic sources in Japan said that North Korea's sense of isolation will be expressed in any kind of form in the future and, therefore, it is worth watching to see what situation will develop.

NKDP REACHES COMPROMISE WITH DJP, ENDS SIT-IN

SK130133 Seoul YONHAP in English 0119 GMT 13 Jan 86

[Text] Seoul, Jan 13 (OANA-YONHAP) -- The New Korea Democratic Party (NKDP) ended a three-day sit-in in the National Assembly building here Sunday evening after reaching a compromise with the ruling Democratic Justice Party (DJP) over the alleged violence in the building on Dec 2. The decision to end the sit-in followed a dramatic breakthrough between the two rival parties in negotiations to find a political solution to the case, which involved scores of NKDP lawmakers.

In two rounds of behind-the-scenes negotiations, floor leaders of both parties reached a three-point agreement calling for cooperation with the prosecution in order to withhold the execution of custody warrants against seven NKDP lawmakers allegedly involved in the floor violence. The seven opposition legislators were charged with perpetrating acts of violence in the assembly building on Dec 2, shortly after the government party took a lightning action to pass budget and tax bills.

An estimated 50 NKDP lawmakers, including NKDP President Yi Min-u, Friday began a sit-in, which they pledged to continue indefinitely, until the prosecution removes custody warrants against the seven NKDP lawmakers. DJP floor leader Yi Se-ki and NKDP floor leader Kim Tong-yong agreed that all DJP and NKDP lawmakers allegedly involved in the case should be treated legally, without discrimination, by the prosecution during questioning.

They also agreed that all lawmakers involved in the case should voluntarily respond to the prosecution's investigation between Jan 13 and 18.

Under the agreement, Yi and Kim will continue to try to resolve the case politically, through dialogue. The prosecution obtained custody warrants for seven of the 17 lawmakers who ignored its summonses to appear in court for one day of questioning.

NKDP PRESIDENT TO VISIT UNITED STATES

SK100929 Seoul YONHAP in English 0747 GMT 10 Jan 86

[Text] Seoul, Jan 10 (YONHAP) -- Yi Min-u, president of the opposition New Korea Democratic Party (NKDP), will visit the United States later this month at the invitation of Speaker Thomas P. O'Neill of the U.S. House of Representatives. He is to attend a joint session of the U.S. Senate and House on Jan 28, when U.S. President Ronald Reagan will give his annual state of the union message.

The NKDP's floor leader, Kim Tong-yong, is expected to accompany Yi on his U.S. visit, which will last about three weeks.

U.S. SENATE DELEGATION HOLDS PRESS CONFERENCE

SK100713 Seoul YONHAP in English 0703 GMT 10 Jan 86

[Text] Seoul, Jan. 10 (OANA-YONHAP) -- South Korea should open its market more widely, in accordance with the concept of free and fair trade, a U.S. senator said here Friday. "Korea should not take such a path in which it sells, but never buys, because the prosperity of one nation is closely related to that of the rest of the world," said Sen. John C. Danforth, chairman of the U.S. Senate Commerce, Science and Transportation Committee. Danforth and five other senators arrived in Seoul Monday on a trade fact-finding mission. They have held a series of meetings with Korean Government officials and business leaders.

In a press conference, held at the U.S. Information Service building, the Missouri senator said, "the military, economic and democratic strength of the United States is very important to the future of Korea." Accordingly, the two countries should cooperate closely and should promote understanding, to find a solution to the pending bilateral trade friction, Danforth said.

Danforth pointed out that the United States is running a 150 billion-U.S. dollar world trade deficit and said that the objective of his visit here is to express the U.S. Government's opinion that a healthy U.S. economy would help the United States' trading partners, including Korea.

Asked about the fate of the Thurmond bill, which President Ronald Reagan vetoed on Dec. 17, the Republican senator said that although congressional supporters still hope to override the veto, any possible vote in the Congress is expected to fall short of the two-thirds majority needed to overrule the presidential action.

The senator also visited Demilitarized Zone that divides South and North Korea and industrial facilities in the southern part of the nation. The delegation comprises Sen. Thomas F. Eagleton, a Democrat from Missouri; Sen. John D. Rockefeller, a Democrat from West Virginia; Sen. James Exon, a Democrat from Nebraska; Sen. Max Baucus, a Democrat from Montana and Sen. Alan K. Simpson, a Republican from Wyoming besides Danforth.

FRG PROBE INTO NORTH'S ARMS SMUGGLING SOUGHT

SK110349 Seoul YONHAP in English 0220 GMT 11 Jan 86

[Text] Seoul, Jan. 11 (OANA-YONHAP) -- The South Korean Government has responded harshly to the reported illegal shipment of U.S. helicopter parts to North Korea through East Berlin by a local company in West Berlin and unidentified foreign diplomats.

On Friday, the Korean Government instructed its Embassy in Bonn and its consulate general in West Berlin to look into the exact details of the case.

A government spokesman said, "it is a matter of great concern that could have a great impact on our security that even the parts for more than 80 American-made Hughes 500-D helicopters, which had already been smuggled into North Korea, were supplied." "As soon as the truth is confirmed, the government will request through diplomatic channels a thorough investigation into the case and the punishment of those involved, while calling for firm guarantees by concerned countries that the incident will not recur," he added.

West Berlin prosecutors said Thursday they are investigating a local company and foreign diplomats who allegedly smuggled U.S. helicopter parts into North Korea through East Berlin. A spokesman for the prosecutors identified the company as Killewald Expotrans, but declined to specify the diplomats or their countries of origin. He said only that they are accredited in East Germany and, therefore, do not have diplomatic immunity in West Berlin. The spokesman said that the company and the diplomats are suspected of having smuggled parts for the U.S.-made Hughes 500-D helicopter from West Berlin to East Berlin, with communist North Korea as the final destination. The company is being investigated for the illegal transport of war materials, he added.

On Tuesday, a West Berlin television station reported that the company had schemed with East German-accredited foreign diplomats to sneak the helicopter parts out of West Berlin into East Berlin for transfer to North Korea. According to the television report, the shipment contained parts for more than 80 of the Hughes 500-D helicopters. Eighty-seven of the Hughes 500-D helicopters were smuggled to North Korea by a Japanese company and a West German company from 1983 to 1984 via Hong Kong, Amsterdam and Antwerp. When the illegal shipment of Hughes helicopters came to light last year, the South Korean Government requested through diplomatic channels that Japan, Italy and Argentina, which manufacture parts for the Hughes 500-D helicopters, not supply parts to North Korea.

The Korean Government also urged the United States to take a leading role in strengthening the control of the COCOM (Coordinating Committee for Export to Communist Area), in order to prevent the incident from recurring. Experts said that although the Hughes 500-D helicopters are designed for civilian use, they could easily be mounted with rockets and machine guns. They said that the United States used the helicopters for infiltration operations by commando units during its invasion of Grenada.

Further Details

SK110819 Seoul YONHAP in English 0621 GMT 11 Jan 86

[Text] Seoul, Jan 11 (YONHAP) -- The South Korean Government has decided to request "in strong terms" that West Germany suspend the entry of North Korean diplomats into West Berlin if it is proven that they were involved in the smuggling of U.S. helicopter parts into North Korea through East Berlin, a Foreign Ministry official said Saturday. The government has taken a variety of steps to block the supply of parts for the American-made Hughes 500-D helicopters to North Korea since it learned last October that the U.S. helicopter parts were being illegally transported to North Korea through a West German exporting company, the official said. "At the present stage, the quantity of parts smuggled into North Korea and the channel through which they passed have not been confirmed," the official said.

GOVERNMENT APPOINTS NEW ECONOMIC OFFICIALS

SK110826 Seoul YONHAP in English 0631 GMT 11 Jan 86

[Text] Seoul, Jan 11 (YONHAP) -- The Government Saturday appointed assistant finance minister, Yi Hyong-u, to be vice construction minister. He succeeds Yi Kwan-yong, who was named governor of the Korea Housing Bank. The government also appointed Ho Nam-hun, presidential secretary for economic affairs, as administrator of the Industrial Advancement Administration, effective Monday. He replaces Kim Hyong-pae, who resigned. It named governor of the Export-Import Bank of Korea Pak Sung-sang, as governor of the Bank of Korea, Professor Pak Sung of Chungang University as a member of the Monetary Board, and Yu Ton-wu, governor of the Korea Housing Bank, as governor of the Export-Import Bank of Korea.

U.S. SANCTIONS AGAINST LIBYA 'STATE TERRORISM'

OW111828 Ulaanbaatar MONTSAME in English 1713 GMT 11 Jan 86

["USA: State Terrorism in Action" -- MONTSAME headline]

[Text] Ulanbaatar, January 11 (MONTSAME) -- A MONTSAME commentator writes:

American sanctions against Libya are the typical example of the policy of state terrorism, which is characteristic for the U.S. Administration and the method of suppression of progressive regimes, which it does not like. The absurd charges by Washington against this sovereign North African state, which is well-known with its consistent anti-imperialist policy, serve only as a screen for covering its own criminal intentions in regard to Libya and other sovereign states of the region.

It is not a secret that Washington devised and adopted five years ago the plan of large-scale subversive operations against Libya with the aim to eliminate all its leaders. In addition to this, at the beginning of 1984 CIA prepared detachments of mercenaries to intrude into Libya from the territory of Sudan.

However, the break-up of pro-American regime of Numayri has prevented the realization of these criminal acts. Nevertheless, Washington has not given up its criminal intentions in relation to Libya and this time it has decided to act through the so-called "fight against terrorism."

The White House has resorted to regular economic and ideological aggression against Libya. But there is a real threat of military invasion of the United States and its Israeli accomplices into this country. Thus, there will be a serious danger of creating a new hotbed of military confrontation in the Mediterranean Sea.

Large-scale preparations by the United States and Israel in this region are fraught with threat not only to Libya but to other states of the Mediterranean Basin and to universal peace.

The terrorism should be undoubtedly condemned in every way possible. But when the true terrorist, which has huge state power, fights against "it", it can not but be called aggression. And the anti-Libyan hysteria is regarded in the MPR as a gross aggression.

SHEVARDNADZE TO VISIT 'SECOND HALF OF JANUARY'

OW101803 Ulaanbaatar MONTSAME in English 1728 GMT 10 Jan 86

[Text] Ulaanbaatar, 10 Jan (MONTSAME) -- At the invitation of the MPRP CC and the MPR Government, the CPSU CC Politburo member, the USSR Foreign Minister E. Shevardnadze is to pay an official and friendly visit to Mongolia in the second half of January, 1986.

FOREIGN MINISTRY 'STRONGLY' SUPPORTS LIBYA

BK111218 Phnom Penh SPK in English 1135 GMT 11 Jan 86

[Text] Phnom Penh SPK January 11 -- The Foreign Ministry of the People's Republic of Kampuchea has come out strongly for the just struggle of the Libyan people against U.S. imperialism and Zionism. In a statement released Saturday afternoon it says: "After slanderously charging the Socialist People's Libyan Arab Jamahiriya with organizing the recent raids on airports in Rome and Vienna, the United States and Israel are deploying a frenzied campaign against Libya.

"The Sixth Fleet of the United States is operating close to Libya's coast, and Ronald Reagan has announced economic sanctions against Libya and ordered U.S. residents to leave that country. "At the same time Israel's Knesset has adopted a resolution giving the government the right to take necessary steps against terrorists.

"This anti-Libyan move by the United States and Israel is not fortuitous. It is part of the policy of state terror applied by the United States and Israel themselves, as proved through the recent exposure of CIA plans against the Libyan people. It, therefore, is another flagrant violation of international law and the U.N. Charter, and a brazen challenge to progressive opinions in the world.

"Despite all efforts of the United States, this Americano-Israeli move has triggered protests around the world and has been disapproved by many countries in the West, among them allies of the United States, which refuse to side with the Reagan administration in the economic boycott against Libya.

"The government and the people of the People's Republic of Kampuchea strongly condemn all acts of provocation, piracy and state terror taken by the U.S. imperialists against the sovereign and independent Libya, and demand that an immediate end be put to these acts. We affirm our resolute support for the just, courageous struggle of the Libyan people and the peoples of other Arab countries against imperialism, Zionism and other reactionary forces, in defence of their independence, their national rights and the Arab unity. We firmly believe that the Libyan people, with the sympathy and support of all peace-and justice-loving people in the world, will foil all criminal, wicked schemes of the enemy."

USSR PARTY PAYS FRIENDSHIP VISIT TO PHNOM PENH

BK130528 Phnom Penh SPK in French 0437 GMT 13 Jan 86

[Text] Phnom Penh, 13 Jan (SPK) -- A delegation of the USSR Government arrived this morning in Phnom Penh for an official friendship visit to Cambodia. Led by N.V. Talyzin, alternate member of the Politburo of the CPSU Central Committee, first vice chairman of the Council of Ministers, and chairman of the USSR State Committee for Planning, the delegation was greeted on its arrival by Chea Soth, member of the Political Bureau of the KPRP Central Committee, vice chairman of the Council of Ministers, and planning minister; Kong Korm, member of the KPRP Central Committee and first deputy foreign minister; Ros Chhun, alternate member of the KPRP Central Committee and deputy planning minister; Ti Yav, deputy planning minister; and other personalities.

Soviet Ambassador to the PRK Yuriy Razdukhov was also present. Soon after its arrival, the delegation, accompanied by Ti Yav, went to lay a wreath at the monument to the dead.

PRACHEACHON ON BEIJING, BANGKOK PROVOCATIONS

BK101449 Phnom Penh Domestic Service in Cambodian 1300 GMT 10 Jan 86

[PRACHEACHON commentary: "What Is the Objective of Beijing and Bangkok's Warmongering Remarks?"]

[Text] Entering 1986, when the world's people were happily celebrating the International Year of Peace, crazy remarks and the clang of weapons were heard in Beijing and Bangkok right on the 1st of January 1986 and in the middle of the Hoang Sa [Paracel] Islands, the sacred territory of Vietnam arrogantly seized and occupied by China since 1974. Hu Yaobang, chief of the Chinese ruling party, arrived there to encourage the genocidal Pol Pot gang and other reactionary Cambodian groups to intensify the savage massacre and attacks against the rebirth of the Cambodian people and to provoke a war against Vietnam. Hu Yaobang's provocative statement was maniacally made, as observed by the Western press, at a time when Beijing was conducting military activities -- firing artillery barrages and making intrusions into Vietnamese territory -- along the Sino-Vietnamese border, the most savage escalation of provocations in the past 12 months, and when its Bangkok partner was raising a ballyhoo to create tension along the Thai-Cambodian border.

After Deng Xiaoping summoned the chieftains of the three groups of Cambodian rebels, including the leaders of the genocidal Khmer Rouge, to a meeting in Beijing to discuss and work out darker designs and maneuvers, the increase of arms supplies, financial support, and material aid by Beijing for the reactionary Cambodian groups in addition to Wu Xueqian's visit to Bangkok where he threatened that China would not remain indifferent but would seek unreserved measures to help Bangkok and the three groups of Cambodian rebels against the rebirth of the Cambodian people and against Vietnam, as well as Hu Yaobang's 1 January 1986 provocative remarks -- all this clearly shows Beijing's dark and perfidious designs.

It is obvious that these acts by Beijing and Bangkok are aimed at intimidating and sapping the fighting spirit of the Cambodian people and their revolutionary Armed Forces who, in cooperation with the Vietnamese Volunteer Army, are resolutely frustrating their maneuvers and dealing heavier blows to the reactionary Cambodian groups, Beijing's lackeys. Those acts also clearly show that they refuse to give up their maneuver of resorting to an undeclared war against the PRK. Moreover, Beijing and Bangkok's activities are also aimed at boosting the sinking morale of the three squabbling reactionary Cambodian groups which suffered serious defeats during the 1984-85 dry season and are weakening with every passing day as they are torn up by increasingly serious splits, such as the recent ouster of Son Sann, leader of the so-called Khmer People's National Liberation Front. At the same time, they are also part of the maneuver to return to power the genocidal Pol Pot regime to once again oppress and persecute our people.

Nevertheless, all their efforts are in vain. The Cambodian revolution is in a state of offensive, victory, and daily development. The people and Revolutionary Armed Forces of Cambodia are now defending and fully controlling the country's western border and are continuing sweeps against the marauding remnants who are hiding and surreptitiously trying to conduct sabotage activities inside the country in an attempt to recapture their lost mastery over the whole territory.

In fact, the past 7 years have shown that our people's just struggle in defense of the national independence, sovereignty, and territorial integrity is advancing firmly with every passing day, winning great victories of strategic significance. By contrast, the forces of the reactionary Cambodian groups are deteriorating seriously with every passing day to a point where no revival efforts by Beijing in collusion with Washington and Bangkok can save them.

The dark design to create two zones and two administrations concocted by the enemies has also failed most seriously and painfully.

Entering 1986, Beijing and its sycophants are faced with an increasingly hopeless and serious predicament. If Beijing continues stubbornly to wage a general war of destruction against our people and the peoples of the three Indochinese countries, it will tumble deep into a bottomless abyss and will continue to be utterly isolated and suffer greater and greater setbacks.

All these activities run completely counter to the growing trend toward dialogue in the world and Southeast Asia. The common and just aspiration of the peoples -- that is, the two groups of countries in the region -- even more vigorously calls for negotiations to find a political settlement for all pending regional problems on the basis of the principles of respect for each other's independence, sovereignty, and territorial integrity and in the interest of peace and stability in the region.

So far, Beijing's hell-bound activities together with its provocative remarks have clearly indicated that the Beijing expansionists-hegemonists continue to turn a deaf ear to the legitimate call of the 370 million people in Southeast Asia, continue to ignore the lessons from all their bitter defeats, and continue to refuse to give up their maneuvers against the rebirth of our people and against the three Indochinese countries.

Therefore, our people must always heighten vigilance, strengthen and develop powerfully our right as masters of the country, and resolve to frustrate all dark designs of the enemies.

The year 1986 is the International Year of Peace. As the trend for dialogue is being recognized everywhere in the world, especially in Southeast Asia, all peace and progressive forces in the region will make full efforts toward that end in order to turn Southeast Asia into a zone of peace, stability, and cooperation as desired by the peoples in the region and the world.

Under the beacon of the fifth party congress resolutions, the Cambodian revolution will continue to advance firmly on the road of national defense and construction gradually toward socialism. No reactionary force can reverse this historic wind of change.

FURTHER ON 7 JANUARY NATIONAL DAY ACTIVITIES

Hospital Visit

BK120949 Phnom Penh SPK in English 1139 GMT 10 Jan 86

[Text] Phnom Penh SPK January 10 -- A party and mass organization delegation led by Ho Non, member of the Central Committee of the People's Revolutionary Party of Kampuchea and deputy cabinet minister, Thursday called on Vietnamese combatants under treatment at Pochentong Hospital, Phnom Penh, on the occasion of the seventh National Day (January 7).

Ho Non expressed deep gratitude to the Communist Party, the government and the people of Vietnam particularly to the courageous Vietnamese Army volunteers on proletarian internationalist mission in Kampuchea, for their support and assistance to the Kampuchean people. She conveyed the best regards of Kampuchean party and state leaders to the Vietnamese combatants, thanking them for their great sacrifices.

On the same day, other delegations representing various ministries led by Kang Nen, vice minister of agriculture; Sar Kapon, deputy minister of education; Nguon Pen, deputy minister of finance called on hospitalized Kampuchean and Vietnamese combatants in the capital city and in Kandal Province.

Another delegation led by (Nuon Vanni), member of the Executive Committee of the Kampuchean Federation of Trade Unions, called on families of Kampuchean fallen combatants and invalids in Kandal.

Svay Rieng Meeting

BK120437 Phnom Penh Domestic Service in Cambodian 1200 GMT 11 Jan 86

[Text] A meeting was held at the provincial stadium in Svay Rieng Province on the morning of 7 January to mark the 7th anniversary of the historic 7 January victory. Attending the meeting were cadres, personnel, workers, soldiers, inhabitants, students, and monks totaling more than 9,000.

Speaking on this occasion, Comrade Heng Samkai, member of the party Central Committee and secretary of the Svay Rieng Provincial Party Committee, described how, through their combat cooperation and militant solidarity, our people throughout the country won successive victories over the aggressors and the historic victory over the genocidal regime--lackey of the Beijing hegemonists-expansionists -- on 7 January 1979. The comrade stressed: After this historic liberation day, with the moral and material support and assistance of the Vietnamese Volunteer Army and people and other fraternal socialist countries, our revolution in general and Svay Rieng Province in particular have advanced and made all-round achievements. During the past 7 years, our country's revolution has scored resounding victories in all fields, particularly during the 1984-85 dry season.

The meeting ended after representatives from various sectors pledged to expand the 7 January spirit and strive to implement successfully all resolutions of the fifth party congress.

USSR ADVISOR SAID KILLED BY KHMER ROUGE ROCKETS

HK130446 Hong Kong AFP in English 0430 GMT 13 Jan 86

[Text] Bangkok, Jan 13 (AFP) -- Pro-Beijing Cambodian resistance guerrillas today claimed to have killed one Soviet advisor and wounded another in a rocket attack on the Cambodian seaport of Kompong Sam.

Khmer Rouge radio, monitored here, said two 107mm rockets were fired on January 4 at an unspecified location in the southern city, where Soviet military supplies are delivered to Vietnamese forces stationed in Cambodia.

One Soviet advisor was killed and another wounded, it said.

Khmer Rouge guerrillas several times in the past have claimed such rocket attacks on Cambodian towns, none of which have been independently confirmed.

Western military experts say the 107mm rockets can be launched with home-made bamboo tubes and are used by guerrillas for hit-and-run attacks.

Meanwhile, a Thai Navy spokesman today said artillery shells fired from Cambodia, presumably by Vietnamese forces, landed inside Thailand on Friday and Saturday, wounding three Thai villagers. The cross-border shelling occurred in Ban Pa-ra, a village in the southeastern border district of Borai, during a clash between Vietnamese forces and unspecified Cambodian guerrillas, the spokesman said. The artillery fire prompted the evacuation further inside Thailand of a group of Thai villagers in that area.

On Saturday, 53 rounds of 105mm guns landed near the same village and Thai artillery returned fire. That portion of the Thai-Cambodian border is under the control of the Thai Navy, which has reported several artillery duels in the past few months with Vietnamese forces engaged in anti-guerrilla operations along the border.

The tripartite Cambodian resistance is opposed to the stationing of an estimated 150,000 to 170,000 Vietnamese troops in Cambodia since Vietnam's invasion of the country in December 1978.

CGDK SPOKESMAN CITES USSR ON EARLY SRV WITHDRAWAL

HK130758 Hong Kong AFP in English 0713 GMT 13 Jan 86

[By Devabhinand Devakul]

[Text] Bangkok, Jan 13 (AFP) -- A preference expressed by the Soviet Union for an early political solution to the Cambodian conflict may indicate a split between Hanoi and Moscow, Cambodian resistance spokesmen said here today. Moscow "might doubt Phnom Penh's military capability, which may explain why the Soviets are changing their strategy," said Pen Dareth, spokesman for Prince Norodom Sihanouk.

Prince Sihanouk leads the non-communist Sihanoukist resistance faction and the resistance's U.N.-recognized Coalition Government of Democratic Kampuchea.

Mr Pen Dareth said the Soviet remarks were possibly meant "to snub Vietnam" because Moscow no longer agreed with "Hanoi's politics of force."

The resistance is fighting Vietnamese troops, reckoned to number between 150,000 and 170,000, deployed in Cambodia to protect the pro-Hanoi government of Heng Samrin in Phnom Penh.

Mr Pen Dareth said he was not sure if Soviet Deputy Foreign Minister Mikhail Kapitsa had checked with Vietnam before saying in Moscow last week that a political solution of the conflict was preferable to a military solution. Mr Kapitsa said that "in the event of a political solution (in Cambodia), Vietnam could withdraw its troops in 1987." He said a military solution would take longer, requiring Vietnam to maintain its forces in Cambodia until its own deadline for withdrawal in 1990.

Mr Pen Dareth said an agreement providing for U.N.-sponsored general elections in Cambodia "would be very fine... That's what we want to do, but Hanoi will continue to use force in Cambodia."

A U.N. resolution calls for a political solution to the Cambodian conflict, free elections and the complete withdrawal of Vietnamese troops.

Kheang Kha-on, a spokesman for the communist, pro-Chinese Khmer Rouge -- the largest of the three resistance factions -- said Mr Kapitsa's comments reflected "the hope of the Soviet," but not that of Phnom Penh.

Phnom Penh's official news agency SPK, monitored here, today reported Mr Kapitsa's suggestion of an international conference to settle the seven-year-old Cambodian conflict, but failed to mention the Soviet Union's preference for a political solution leading to an early Vietnamese withdrawal.

A spokesman for the larger non-communist component of the resistance, the Khmer People's National Liberation Front (KPNLF), said Mr Kapitsa's comments conformed with the U.N. resolution. "We will accept anything in conformity with the U.N. resolution and hope Mr Kapitsa will translate his statement into action and reality," said Sangwar de Lopez of the KPNLF.

Hanoi has declined to react directly to Mr Kapitsa's statement, but at the weekend it reiterated its pledge to withdraw its forces from Cambodia by 1990.

SIHANOUK: SON SANN TO REMAIN CGDK PRIME MINISTER

HK110912 Hong Kong AFP in English 0906 GMT 11 Jan 86

[Text] Beijing, Jan 11 (AFP) -- Prince Norodom Sihanouk said here today that a dissident group within the Cambodian resistance movement "must disappear," and spoke strongly in favour of Son Sann, whose position as leader of the biggest non-communist rebel group is under threat.

Prince Sihanouk, in an interview with AGENCE FRANCE-PRESSE, said that Son Sann would remain as prime minister of the U.N. recognised Coalition Government of Democratic Kampuchea (CGDK) even if he was ousted as head of the biggest non-communist guerrilla group, the Khmer People's National Liberation Front (KPNLF).

Dissidents headed by General Sak Sutsakhan have challenged the leadership of Mr. Son Sann, blaming him for the group's military reversals in their struggle against the Vietnamese.

Prince Sihanouk is president of the CGDK which is composed of the KPNLF, the communist Khmer Rouge and his own forces. "There cannot be two KPNLF's," he said today. "The creation of a Provisional Committee of National Salvation within this movement is unfortunate. This committee must disappear. Even if Mr. Son Sann loses control of the KPNLF his opponents must know that he will remain prime minister of our coalition."

The CGDK needed both himself and Mr. Son Sann if it were to retain its "international credibility," the former Cambodian monarch said. Relations between the prince's forces and the Khmer Rouge had improved recently, and they had carried out some joint military operations, he said. In August, the prince accused the Khmer Rouge of killing 39 of his soldiers.

The KPNLF comprises about 15,000 troops, Prince Sihanouk has 10,000 men and the pro-Chinese Khmer Rouge an estimated 30,000. They are fighting an estimated 150,000-170,000 Vietnamese troops stationed in Cambodia since Vietnam invaded the country in late 1978, ousting the Khmer Rouge who were believed to have massacred millions of Cambodians.

The Vietnamese installed the pro-Hanoi Heng Samrin government in Phnom Penh, which is not recognised by the United Nations.

The U.S. State Department announced yesterday that Washington was allocating 3.5 million dollars in non-military aid to the Cambodian resistance. THE WASHINGTON POST reported it would be channelled via Thailand and would include shortwave radios and medicine as well as paramedical and civilian training.

The prince said that the Cambodian question should be studied within the framework of dealing with other regional issues -- "the Soviet occupation of Afghanistan, the denuclearisation of the Pacific and the presence of U.S. bases in the Philippines."

He also warned that time was running short, as "the Vietnamese are in the process of completing the colonisation of Cambodia, which is depopulated because of the genocide it suffered and the departure abroad of many Cambodians." He said that time was on Vietnam's side, and that by 1990 "two million Vietnamese will be Cambodian citizens."

VODK: CEMA DELEGATE, 'GRUMBLING' ABOUT HANOI

BK120327 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 11 Jan 86

["Article": "The Hanoi Authorities Begged the Soviet Union To Hold a CEMA Meeting in Hanoi"]

[Text] The CEMA member countries headed by the Soviet Union recently held a 3-day meeting in Hanoi. The Hanoi authorities had begged the Soviet Union to hold this meeting in Hanoi because they are becoming more seriously isolated politically and economically in the international arena. The world community has been condemning Vietnam and cutting aid to it because of its aggression against Cambodia.

It has been noticed that each delegation to this meeting is small. No country wanted to meet in Hanoi because, since Vietnam joined CEMA, it has done nothing to benefit other member countries. The only thing Vietnam has done so far is ask for aid to feed its war of aggression against Cambodia. Moreover, there is not enough food or accommodation in Hanoi. The delegates to the meeting in Hanoi had to bring their own food, such as canned goods. Except for those from the Soviet Union, other delegates to this meeting kept grumbling about all this.

VODK CRITICIZES SRV BRANDING PROBLEM 'INTERNAL'

BK120348 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 11 Jan 86

[Station commentary: "The Current War in Cambodia Is a Full-Scale War of Aggression and Expansion Jointly Waged by Vietnam and the Soviet Union"]

[Text] During a 4 January press conference in Hanoi, SRV Deputy Foreign Minister Vo Dong Giang said arrogantly that the most urgent question in the settlement of the Cambodian problem is national reconciliation among the Cambodians. Vo Dong Giang has said this in an attempt to fool the world into thinking that the most cruel and barbarous war of aggression that Vietnam is waging in Cambodia is an internal problem of Cambodia, thus preventing the world community from pressuring Vietnam to withdraw all its aggressor troops from Cambodia in accordance with the UN resolutions and diverting world attention to solving the Cambodian problem through other means, which will enable Vietnam to legitimize its aggression in Cambodia as a fait accompli. But, the Hanoi Vietnamese aggressors can fool no one with this new maneuver.

The world community knows well that the Cambodian problem was caused by the fact that Vietnam has sent hundreds of thousands of troops to invade and occupy Democratic Kampuchea -- an independent, sovereign, neutral, and nonaligned state and a full-fledged member of the United Nations -- with the full support and participation of the Soviet international expansionists.

At present, the hundreds of thousands of Vietnamese aggressor troops continue to massacre the Cambodian people in a more barbarous and cruel manner; thus millions of Cambodian people have been killed and millions of others have been deserting their hometowns to live in mountainous and forest areas or fleeing abroad. During the past 7 years, the Vietnamese aggressor troops have not only massacred the Cambodian people, but they have also shelled, mined, and invaded Thai territory -- killing Thai and damaging their property -- and have made the tense situation along the Cambodian-Thai border, and in the whole of Southeast Asia deteriorate.

In the face of Vietnam's cruel and barbarous aggression in Cambodia and the tense situation in the region caused by the Vietnamese aggressors, the world community and the United Nations, which is the top world body, have demanded the total and unconditional withdrawal of Vietnamese aggressor troops from Cambodia to let the Cambodian people decide their own destiny as a means to a political settlement of the Cambodian problem and to the restoration of peace and stability in this region. The countries in the region, especially those of ASEAN, have persistently called upon the Soviet Union to stop giving military aid to Vietnam to pressure it to end its war of aggression in Cambodia and stop causing tension in this region. But, both the Hanoi Vietnamese aggressors and their Soviet boss have turned a deaf ear to the world community's persistent demand. On the contrary, the Hanoi authorities have kept sending more troops and war material to Cambodia, escalating their war, and launching larger-scale incursions into Thai territory. Meanwhile, the Soviet Union has kept sending more weapons, tanks and war material to the Vietnamese aggressors and increasing aid for Hanoi authorities to enable them to realize their ambition to annex Cambodia and set up an Indochinese Federation for the Soviet Union to use as a springboard in its drive forward.

Therefore, the Cambodian problem is not an internal one among the Cambodians. It is a full-scale war of aggression and expansion jointly waged by Vietnam and the Soviet Union. No one, either Vo Dong Giang or any other Hanoi authority, can conceal this reality. Neither can they turn this war of aggression and expansion into a problem among the Cambodians. If the Vietnamese aggressors really want to solve the Cambodian problem, they should withdraw their aggressor troops totally and unconditionally from Cambodia to let the Cambodian people decide their own destiny in accordance with the UN resolutions. This is an essential principle. If Vietnam does not mention this principled problem, no matter what deceitful plan for settlement of the Cambodian problem it proposes, Vietnam can neither fool anyone nor relax the pressure of world community. If so, the world community will continue to condemn and pressure Vietnam even more vigorously until it is compelled to withdraw its aggressor troops totally and unconditionally from Cambodia to let the Cambodian people decide their own destiny in accordance with the seven UN resolutions.

VONADK RAPS "VIETNAMIZATION" OF EDUCATION BY SRV

BK101002 (Clandestine) Voice of the National Army of Democratic Kampuchea in
Cambodian 2315 GMT 9 Jan 86

[Station commentary: "What Does the Vietnamese Aggressors' Current Educational Program in Cambodia Look Like?"]

[Text] The Vietnamese aggressors have been occupying our country for 7 years now. They are seriously bent on implementing their Indochinese federation design. To this end, they are striving to actively implement the Vietnamization of the educational program.

All the curricula and textbooks have been drawn up and prepared by the Vietnamese purely according to Vietnamese views and stands and are characterized by purposely serving the Vietnamese policy of aggression and expansion.

In geography, the Vietnamese have redrawn Cambodia's map in which both the land and sea boundaries have been moved arbitrarily on the grounds of the 7 July 1982 agreement on border delimitation, fabricated with the connivance of the Vietnamese regime in Phnom Penh. Our land border from Ratanakiri down to Takeo and Kampot provinces has been moved several kilometers inside the country by the Vietnamese aggressors. An important part of the sea boundaries and territorial islands has also been wantonly sliced off by these annexationists.

In history, the textbook has been rewritten with exaggeration, diatribes, slander, and distortions against the heroism, prestige, and renown of our ancestors and patriots who fought courageously against all stripes of enemy in defense of the nation, people, culture, civilization, letters, traditions, and customs of their nation, treasuring and nurturing Cambodia's national soul and honor.

The Vietnamese aggressors spread lies about the Indochinese federation, about the special friendship and special solidarity, about the late President Ho Chi Minh being the so-called father of Indochina, and about the great service of the aggressive Vietnamese Armed Forces.

Such educational programs and methods are specifically aimed at instilling the Indochinese federation ideology into the brains of our young boys and girls, making them see only that Vietnam is powerful and that Vietnam is good to the Cambodians in an attempt to destroy the national soul and the national pride of the Cambodians.

The Cambodian people have a time-honored record of struggle and are experienced in the struggle for national and territorial defense. We know very well that the Vietnamese can be nothing else but Vietnamese. We have no illusion about them and will never betray our ideals of patriotism. Nothing is more despicable than to lose one's country and one's national identity. The Cambodian people are resolute never to allow the Vietnamese to swallow Cambodian land, not even a square inch!

VONADK REPORTS 200 SOLDIERS DESERT IN KOH KONG

BK101155 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 9 Jan 86

[Excerpt] Some 200 fraternal Cambodian soldiers stationed at (Chhay Dach) position, Koh Kong Leu battlefield, deserted and fled home on 30 December, refusing to let the Vietnamese aggressors use them as cannon fodder. Moreover, they deserted after they had heard about the good example set by the fraternal Cambodian soldiers on other battlefields who mutinied against and deserted from the Vietnamese aggressors.

BRIEFS

DELEGATION FOR MOSCOW -- Phnom Penh, 7 Jan (SPK) -- A delegation of the Cambodia-USSR Friendship Association led by Secretary General Min Khin, also deputy secretary general of the KUFNCD National Council, left Phnom Penh on 6 January for an official visit to Moscow. The delegation will be a guest of the USSR-Cambodia Friendship Society and will attend activities marking the 7th National Day of Cambodia in Moscow and will sign documents on cooperation between the two organizations. [Text]
[Phnom Penh SPK in French 1218 GMT 7 Jan 86 BK]

MINISTRY STATEMENT ON U.S.-LIBYA CONFLICT

BK110543 Vientiane Domestic Service in Lao 0500 GMT 11 Jan 86

[10 January statement issued by LPDR Foreign Ministry spokesman -- read 'y announcer]

[Text] As is already widely known, thanks to its aggressive nature, the Washington administration has labeled various countries in the world that do not agree with it enemies of the United States. These countries include the Socialist People's Libyan Arab Jamahiriya. The United States has always resorted to every scheme to oppose and threaten this country since the day Reagan took office. Nevertheless, all such schemes of the U.S. imperialists have been exposed by the U.S. mass media and world opinion.

The U.S. Administration recently provoked Libya again by fabricating the story that the terrorists at airports in Rome and Vienna, capitals of Italy and Austria respectively, have been supported by Libya. For this reason, Reagan announced economic sanctions against Libya and told his allies to follow suit. At the same time, he instructed the Israeli Zionists to be prepared for attacks against Libya, while reinforcing his strength in the Mediterranean Sea and instructing the U.S. 6th Fleet to prepare for actions in this region, particularly near the coast of Libya.

Libya is an independent and progressive country pursuing a policy of peace and opposing all imperialist acts of intervention and aggression and the Israeli expansionists. It is a member of the United Nations and the Nonaligned Movement. This is why it has always enjoyed broad international support and sympathy in its struggle against enemies.

Faced with a situation jeopardizing the peace and stability of Libya in particular, and of the Middle East in general, the LPDR Government, in its capacity as a good friend of the Government of the Socialist People's Libyan Arab Jamahiriya, strongly opposes the U.S. measures imposing economic sanctions against Libya as well as the threats and provocations committed by the U.S. imperialists and the Israeli Zionists and demands that the Washington administration and the Israeli expansionists quickly stop all their inhumanitarian acts against Libya that threaten peace in the region.

In this situation, the Lao Government and people vigorously support the attitude of the government and friendly people of Libya in their struggle against all acts committed by the U.S. imperialists and the Zionist expansionists in their attempt to eliminate Libya -- an act that may ignite the flame of war in this region and threaten peace in the world. [dated] Vientiane, 10 January 1986

PHOUN SIPASEUT RECEIVES NEW THAI AMBASSADOR

BK101135 Vientiane KPL in English 0910 GMT 10 Jan 86

[Text] Vientiane, January 10 (OANA-KPL) -- Vice-chairman of the Council of Ministers and foreign minister, Phoun Sipaseut, has reaffirmed cooperation with neighbouring states, especially the Kingdom of Thailand. This is stated during a meeting here yesterday between the Lao foreign minister and new Thai ambassador to Laos, Chaiya Chindawong. Phoun Sipaseut said that the Lao PDR was ready to develop friendly relations and cooperation with neighbouring countries in Southeast Asia, including Thailand, for the cause of peace, stability and cooperation in the region and the world as a whole.

OFFICIALS HOLD MEETING ON U.S. FARM BILL

BK110209 Bangkok THE NATION in English 11 Jan 86 p 3

[Text] Foreign Ministry officials yesterday held an extensive discussion with representatives of other government agencies including a Thai lobbyist from Washington to lessen the impact of the recently signed Farm Act, the Foreign Ministry spokesman said yesterday.

Spokesman Saowanit Khongsiri said that Thailand still has a few months to act before the legislature becomes effective. He also said that Foreign Ministry officials and authorities concerned are in close touch with the Thai Embassy in Washington as well as U.S. and Thai lobbyists for the Thai Government. A Thai lobbyist, Chuphong Kanchanarak yesterday briefed officials at the Foreign Ministry, he said.

He said that Thai ambassador to Washington has been very active in seeking information and at the same time voiced concern about the anticipated effect of the legislature, which would hurt Thai rice exports to third markets.

Recently, Foreign Minister Sitthi Sawetsila sent a letter to the U.S. Secretary of State George Shultz calling for a meeting with the U.S. "at the earliest possible opportunity." Sitthi also urged the U.S. Government to stop unfair competition with Thai rice exports on the world market by giving subsidies and credits. The meeting yesterday was the first of a series of meetings designed to counter the Farm Act.

Saowanit said that the committee, headed by Industry Minister Dr Chirayu Itsarangkun Na Ayutthaya, which handled the Jenkins Bill, will also take charge of the Farm Act. The committee will coordinate the public and private sectors to counter the legislature, which will threaten about 40 per cent of Thai rice exports to Africa and the Middle East, valued at 5,800-7,000 million baht.

EDITORIAL VIEWS WEINBERGER NOTE ON AID, COUPS

BK121005 Bangkok THAI RAT in Thai 12 Jan 86 p 3

[Editorial: "The Message from Washington"]

[Text] The recent course of events in the United States, ranging from the drafting of the Jenkins Bill which was designed to curb garment and shoe imports into that country and later vetoed by President Ronald Reagan and the passage of the Farm Bill, apparently have both direct and indirect effects on Thailand.

Besides these two bills with direct and indirect economic repercussions on Thailand, the U.S. Government recently came up with something else which might influence Thai politics -- the letter from U.S. Secretary of Defense Caspar Weinberger to Prime Minister General Prem Tinsulanon which reiterated President Reagan's pledge to support Thailand's freedom and its constitutionally elected government. In other words, the United States will not support any government that comes to power by seizing power or a coup d'etat.

Although the message from the U.S. secretary of defense might seem a bit strange, it is nothing new because it merely reflects the U.S. Government's policy in line with a resolution adopted by the U.S. Congress not to support the use of force to topple elected governments in any country.

The pressure mounted within and without the United States forced the U.S. Congress to adopt such a resolution because past U.S. Administrations were often accused of having used some U.S. agencies, such as the CIA, to back dictatorial regimes in many countries despite the fact that they had deprived the rights and freedoms of their own people.

The accusations were true in many countries. Therefore, the U.S. Government must be careful in maintaining its ties with foreign countries. To support any dictatorial regime runs counter to the principles adhered to by the United States in upholding the people's democratic freedoms.

All the free world, under the leadership of the United States, adheres to the democratic rule that sovereignty belongs to the people who can choose and change their own government through free and fair elections, not through force.

SHELLING AT CAMBODIAN BORDER; VILLAGERS EVACUATE

BK130121 Bangkok BANGKOK POST in English 13 Jan 86 p 3

[Text] Trat -- Hundreds of villagers were evacuated further inside Thailand yesterday after artillery and mortar shells fired from Kampuchea landed on a border village, injuring five people. A report said authorities decided to evacuate nearly 1,000 residents of Tamap and nearby Khlong kaew and Pa-ar villages in Bo Rai District after at least 15 rounds of shells landed in Tamap village wounding five people, three of them seriously. The villagers were taken 10 kilometres further away from the frontier.

The shells hit the village during heavy clashes yesterday between Vietnamese troops and Khmer resistance forces.

In Prachin Buri, two Border Patrol policemen were seriously injured yesterday by a Soviet-made landmine in Ta Phraya District.

Pol Pvt Buntham Nungchomphu, 21, lost both his legs, while Pol Cpl Kraidit Angsanttiak, 22, suffered injuries to his left arm and hand. The two men were among 30 BPP men who went on patrol at Kok Makok village in Tambon Thap Sadet after unusual activities were reported opposite the area inside Kampuchea.

'COBRA GOLD' EXERCISES MOVE TO CAMBODIA BORDER

BK110203 Bangkok BANGKOK POST in English 11 Jan 86 p 1

[Text] The annual "Cobra Gold" Thai-United States military exercises will be shifted from the south to near the Thai-Kampuchean border this year. Navy Commander-in-Chief Admiral Nippon Sirithon said yesterday the shift from Songkhla to the border area was not intended to provoke the Heng Samrin regime or Hanoi.

Adm Nippon said the manoeuvres were designed to allow Thai and American forces to exercise in terrain where foreign incursions had taken place. The exercise, from June to July, usually starts at Sattahip naval headquarters and ends with a beach-head assault in Songkhla's Thepa District. A naval source said Chanthaburi and Trat provinces were likely to be chosen for this year's joint manoeuvres. Adm Nippon said fighting between Khmer resistance and Vietnamese forces in Kampuchea and near the border opposite Chanthaburi and Trat had escalated.

On any given day, he said, 10 mortar and artillery shells fired by Vietnamese gunners landed in Pong Nam ron District of Chanthaburi to Hat Lek of Trat. Most of the shells exploded on uninhabited land with the exception of one last week which killed one man and injured six, he added.

Adm Niphon said Vietnamese gunners sometimes intentionally fired across the border to gauge Thai defences, prompting Thai forces to retaliate.

The navy commander denied a report in the January 16 edition of the FAR EASTERN ECONOMIC REVIEW which said Thai security authorities had agreed to allow Vietnamese troops a two-kilometre leeway before retaliating if they breach certain parts of the border in the dry season. Such an agreement, he said, was impossible. "Not even one inch of our land can be breached," he said.

SECURITY FORCES PLACED ON ALERT IN SOUTH

BK130131 Bangkok BANGKOK POST in English 13 Jan 86 p 1

[Text] Security forces in the South have been placed on alert following an intelligence report that armed separatists plan to attack mosques and temples in the South to create strife between Muslims and Buddhists.

Meanwhile the Southern Provinces Administration Centre plans to take a group of Middle Eastern diplomats on a tour of the South to improve their understanding of the region and the living conditions of its people.

The centre's director Prakit Uttamot told the BANGKOK POST yesterday that security forces in the South had been placed on alert following an intelligence report that a faction of the Pattani United Liberation Organisation planned to attack mosques and temples in Narathiwat and Yala provinces. He said that the faction -- believed to number no more than 15 armed men -- aimed to create tension between Muslims and Buddhists.

Mr Prakit said that the proposed tour of the South by diplomats would be aimed at creating understanding among Middle Eastern countries, some of which have reportedly provided educational aid for Thai Muslims. Some still believed that the Thai Government discriminated against Muslims, he said.

The U.S. State Department, in a White Paper issued last week, alleged that Libya was providing paramilitary training to Muslim insurgents in the South. Mr Prakit said that the dual nationality of some southern Muslims was the most serious problem he has encountered since becoming director of the Southern Provinces Administration Centre last October.

The problem would have to be solved at government level because the issue was too difficult for local officials to solve. Thailand would also need a lot of cooperation from Malaysia to solve the issue, he said.

Mr Prakit, who is also the Deputy Permanent Secretary for the Interior, said that the problem of southern separatists and the Communist Party of Malaysia had eased. Most of them had laid down their arms and surrendered. The remaining armed groups were regarded as "ordinary" bandits who supported themselves through robbery and extortion. However, it had been found that most of these active bandits held both Thai and Malaysian nationality, Mr Prakit said.

He said that the centre had been successful in encouraging southern Muslims to understand more about Thai Buddhist tradition. "There is no attempt by officials to force them to change their religion. We just want the Muslims to understand that they are also Thai," he said.

MINISTER ADMITS RICE PRICE SCHEME FAILS, TO QUIT

BK121530 Bangkok Domestic Television Service in Thai 1300 GMT 12 Jan 86

[Interview with Commerce Minister Koson Krairoek by Kiattichai Chirarakwatthana, correspondent of the Mass Communications Organization of Thailand; date not given -- recorded]

[Excerpt] [Kiattichai] Would you please tell us about the paddy price lifting scheme before you resign from your post?

[Koson] I took the post of commerce minister with worries. However, I am happy that I have the chance to implement the prime minister's policy of upgrading the living standard and income of farmers. The paddy problem has been an important and chronic problem. The government has been spending money from all sources every year in this regard but to no avail. The matter was discussed within the cabinet even before the harvest season but no solution was found. In fact, the Commerce Ministry could have been idle. However, the ministry has introduced the price lifting scheme and made use of the law enforcement to implement the scheme. Our farmers have always complained that paddy prices are not fixed. This year, the government has fixed the price for them. The price of paddy in Thailand is the lowest in the world. The 5-percent grade rice's price is fixed only at 3,000 baht per ton.

I have to leave the Commerce Ministry, as I promised earlier, because the scheme has failed. However, I would like to inform the fraternal farmers that I have tried but I lacked coordination with the agencies concerned of both the government and private sectors. This is a shortcoming. We plan to take 5 months to implement the price guarantee scheme from 1 December 1985 to 30 April 1986. Up to now, it has only been 45 days. The political developments as well as criticism from those who are not satisfied with the scheme have affected my opportunity to serve the fraternal people. I agree with the prime minister that our rural people are poor and need more attention from the government. I have staked my position in the Commerce Ministry not for my own political interests. I want to register at least a concrete achievement in my life time. But I have not been given sufficient time and many people believe that the scheme would bring failure to farmers. Even through the enforcement of law, we cannot get the paddy prices we want. However, we can solve the problem. We believe that the fixed price of 3,000 baht per ton will enable us to compete in the world market. Since the situation is not conducive to implementing the scheme, I have to leave the Commerce Ministry. [end recording]

PREM CONFIRMS CABINET RESHUFFLE COMING 'SOON'

BK130542 Bangkok Domestic Service in Thai 0530 GMT 13 Jan 86

[Text] Prime Minister General Prem Tinsulanon disclosed to newsmen that there will be a cabinet reshuffle soon.

He said this while answering questions from reporters about the resignation of Commerce Minister Koson Krairoek, who reportedly will submit a letter of resignation to the prime minister today. The prime minister said he has not received a letter of resignation from the commerce minister. Asked when a cabinet reshuffle will take place, the prime minister answered these questions this morning when he arrived work at Government House as normal.

SAP NOMINATES 7 NON-MP'S FOR CABINET POSTS

BK120304 Bangkok THE NATION in English 12 Jan 86 p 1

[Text] Social Action secretary general Thongyot Chittawira and his predecessor Phong Sarasin are among seven non-MPs nominated to SAP [Social Action Party] cabinet slots last Friday, party sources told THE NATION yesterday. The sources said that the other non-MP nominees are Lt Gen Withun Yasawat, Dr Rachot Kanchanawanit, Surin Thepkanchana, Kowit Sisawat and Prayun Chindasin.

Lt Gen Withun, Dr Rachot and Surin are party advisors while the others are members of the SAP executive committee. Lt Gen Withun and Dr Rachot lost in the Bangkok by-election in Constituency One last December to Democrat deputy leader Gen Han Linanon and Democrat member Khanin Bunsuwan. However, the sources said that their nomination was a formality and speculated that most of them would not be appointed Cabinet members. "Only the prominent nominees have a chance," one source commented.

SON SANN REQUEST TO VISIT CAMPS SPARKS DEBATE

BK120308 Bangkok THE NATION in English 12 Jan 86 p 2

[Text] Troubled Khmer leader Son Sann's persistent call for permission to visit his people on the Thai-Khmer border has touched off a debate on the issue.

The pros and cons have been weighted and a consensus has emerged that it is not appropriate for Thailand to let him visit refugee camps on Thai soil under the present circumstances. It was a tough decision to arrive at because the president of the Khmer People's National Liberation Front (KPNLF) may feel that such a stand indicates that Thailand is taking sides with the dissident faction led by KPNLF Commander-in-Chief Gen Sak Sutsakhan. But advocates of the policy argue that Son Sann's visit to the border camps could bring undesirable repercussions on both Thailand as the host country and on the movement against the Vietnamese occupation of Kampuchea.

The first major argument is that Son Sann's own security could be jeopardized at Site Two, which accommodates about 148,000 Khmer refugees on Thai soil close to the border. They say that the internal dispute remains unresolved and tension is still high.

"What will happen to Thailand as the host country if some untowards incident takes place during his visit to the camps. Who can guarantee they would not happen? Son Sann certainly has followers but he also has foes," one advocate of the ban said. Son Sann may insist on meeting the people despite the security risks, but Thailand as the host country would have to bear responsibility if an untowards incident happens, the argument goes.

Secondly, his visit at this time could cause an "uproars" among the Khmer refugees. Some of them could demonstrate in his favour but dissident members could not afford to sit idly by and watch.

As a consequence, demonstrations against him would also come about. "Imagine the situation in which crowds of up to 148,000 people are mobilized in a noisy popularity contest. A discernable consequence is that the situation could get out of hand and result in riots," another advocate said.

Barring the possibility of violence from such a popularity contest, the demonstrations and uproar alone would underscore the rift in the KPNLF and, as the argument goes, would give more ammunition to the Vietnamese, who may already be laughing at the outburst of KPNLF infighting last month.

The split exists, with or without the undersirable consequences, but it has been pointed out that such consequences would certainly make big news around the world and attract more attention to it, the Thai feels. As the host country, Thailand reserves the right to decide whether a foreign dignitary can visit a hot spot, the advocates say.

DIRECT TRADE WITH LAOS, VIETNAM URGED

BK121238 Bangkok THAI RAT in Thai 12 Jan 86 p 9

[Khomkhiao column: "Thailand Must Open the Lao and Vietnamese Markets"]

[Text] It is unofficially estimated that 30 to 40 sets of television and radio as well as cassette players are on board of every flight from Bangkok to Vientiane and Hanoi. The Vietnamese and Lao comrades always stuff their luggages with made-in-Thailand garments before flying home.

The fraternal Thai and Lao people along the Mekong River have to depend on row boats or long-tail boats so that they can see each other. However, the boats from the Thai side are always loaded with glutinous rice, dinnerware, pots, pans, plastic goods, detergent, toothpaste, and many other items.

At present, there are not Thai goods on sale in the market places in Laos or Vietnam. Free trade along the boarder has been banned on the grounds that Thai goods might fall into the hands of the foreign forces now operating near the Thai border.

Business in the provinces bordering Laos used to be very active because the neighboring countries were our big customers. According to a dispatch from Nong Khai Province, this year's winter there is rather cold and quiet. It has been learned that as many as 180 items of industrial products are on the "ban" list, and one of them is food seasoning because it can be effectively used to stop wound bleeding.

As its foreign trade is being hit by economic storms, Thailand has found that its export do not sell well and that the purchasing power of the people in the country has declined. Neighboring countries like Laos and Vietnam can be good markets where we can dump some of our products although both are socialist states and pose a threat to Thailand's national security.

In any event, our military leaders have assured that we are strong enough to defend our country. No one would dare to challenge us. They also told us that those countries are unable to launch a new war because their economy is in a bad shape and because they still have to depend on financial assistance from their allies.

The policy regarding trade with the Indochinese states should be reviewed now. It is generally known that Hong Kong and Singapore have been selling many Thai products to Laos and Vietnam and enjoying a good profit. Both countries have the money to buy our products.

At the meeting of the public-private sectors consultative committee to be held in Khon Kaen on 25 January, businessmen from the northeastern border provinces are reportedly to propose a relaxation of the ban so that they will be able to sell some Thai products directly to Vietnam. The government should seriously consider such a proposal, opening trade along the Thai-Lao border, and direct trade with the other Indochinese countries.

As our friendly countries are competing with us in selling rice, we should not be selective in choosing our trade partners as long as we can earn more foreign exchange.

AGREEMENT WITH MALAYSIA ON PRICE OF TIN

BK130145 Bangkok THE NATION in English 13 Jan 86 p 25

[Excerpt] Senior Thai and Malaysian officials have agreed on a common stand to maintain the price of tin metal at 20 ringgit per kg at the minimum to counter the belief of consuming countries that the mineral is still in the buyer's market. The accord was struck during recent talks in Bangkok. Well informed sources said that it was just an informal meeting. Malaysia is the world largest tin producer, followed by Indonesia and Thailand. Their production accounts for more than 65 percent of the world's output.

The meeting, the sources laid, reviewed the world tin situation and development in Thailand after the country announced daily posted price for tin for royalty collection. The posted price is not based on foreign markets because the London Metal Exchange and the Kuala Lumpur Tin Market have suspended trading since October 24. Thailand is the only place in the world where the posted price of tin is available. The daily price now serves as the base for trading in many other countries.

The meeting also noticed that foreign buyers were trying to further depress tin price. They keep on making enquiries on tin prices in Malaysia and Thailand with the hope that the two countries would undercut the price of each other. "If this happens, the tin price would be declining further," the sources said.

The informal agreement calls for the two countries to stop selling if tin price sinks under 20 ringgit per kg. The sources pointed out that the floor price is necessary because the situation would be difficult for the buffer stock manager of the International Tin Council to intervene in world market if it resumes operations.

FOREIGN MINISTRY STATEMENT ON MIA MEETINGS

OW110913 Hanoi VNA in English 0813 GMT 11 Jan 86

[Text] Hanoi VNA Jan. 10 -- The spokesman for the Vietnamese Foreign Ministry has issued the following statement on the meeting between the Vietnamese and U.S. Government delegations for talks on the question of Americans missing in action during the Vietnam war.

"A Vietnamese Government delegation and a delegation of the U.S. Government are satisfied with the results of their meeting in Hanoi on Jan. 6-7 for talks on the question of Americans missing in action. The U.S. side highly appreciated the Vietnamese Government and people's good-will. The two sides agreed on several immediate steps concerning this question.

"The two sides pledged to create a favourable atmosphere and cooperate with each other in implementing the two-year programs for seeking Americans missing in action.

"The Vietnamese and U.S. sides agreed that the MIA question is a humanitarian one which can't be used as a political condition for the normalization of relations between the two countries.

"The Vietnamese side affirmed that there has been no American prisoner of war being detained by Vietnam and that Vietnam is ready to conduct investigations if the U.S. side provides it with relevant information".

[Hanoi Domestic Service in Vietnamese at 1430 GMT on 10 January carries an announcer-read version of the Foreign Ministry statement which is identical to the VNA version.]

FURTHER REPORTAGE ON USSR'S TALYZIN'S VISIT

Received by Pham Van Dong

BK110512 Hanoi Domestic Service in Vietnamese 1430 GMT 10 Jan 86

[Text] On 10 January, Comrade Pham Van Dong, member of the party Central Committee Political Bureau and chairman of the Council of Ministers, received the Soviet party-state delegation led by Talyzin, alternate member of CPSU Political Bureau and first vice chairman of the Soviet Council of Ministers, which is visiting our country.

On hand at the reception were Do Muoi, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers; Tran Quynh, member of the party Central Committee and vice chairman of the council of Ministers; Hoang Bich Son, vice foreign minister; (Lyev), Soviet minister of light industry; and Soviet Ambassador to our country Chaplin.

On behalf of the party Central Committee and the government and people of our country, Chairman Pham Van Dong warmly welcomed the Soviet party-state delegation, and especially the presence of Comrade Talyzin and other members of the delegation at the second damming of Da river at the Hoa Binh hydroelectric power plant construction site, as a vivid manifestation of the relations of friendship and cooperation between Vietnam and the Soviet Union.

Chairman Pham Van Dong expressed his profound gratitude to the Soviet party, government, and people for giving great and effective assistance to the Vietnamese people. He stressed: The Vietnamese people will devote all their zeal to overcoming difficulties and will make good use of Soviet assistance and strengthen their cooperation with the Soviet Union in order to steadily advance in socialist construction and national defense.

Chairman Pham Van Dong asked the delegation to convey his best greetings to General Secretary Gorbachev and other comrades of the Soviet party and government. On behalf of the delegation, Comrade Talyzin expressed his pleasure at witnessing the Vietnamese people's significant labor achievements and asserted that the Soviet people will do whatever possible to strengthen cooperation with and assistance to Vietnam. As an immediate step, they will struggle to expand Soviet-Vietnamese cooperation under the 1986-90 5-year in many more fields plan than the preceding one.

Once again, Comrade Talyzin sincerely thanked the Vietnamese party, government, people, and Chairman Pham Van Dong for giving a warm reception to the delegation. The reception took place in a very cordial atmosphere imbued with friendship and fraternal solidarity.

Talks With Le Duan

BK111815 HANOI VNA in English 1714 GMT 11 Jan 86

[Text] Hanoi VNA Jan 11 -- Le Duan, general secretary of the Communist Party of Vietnam Central Committee (CPV CC) today received Nikolay Talyzin, alternate member of the Political Bureau of the Communist Party of the Soviet Union Central Committee and first vice-chairman of the Soviet Council of Ministers. The Soviet first vice-chairman was in Vietnam to attend a ceremony for the damming of the Da River (second phase) at the construction site of the Hoa Binh Hydro-Electric Power Plant being built with Soviet assistance in Ha Son Binh province. Present on the occasion were Vo Van Kiet, Political Bureau member of the CPV CC and vice-chairman of the Council of Ministers; and Tran Quynh, member of the party CC and vice chairman of the Council of Ministers. Soviet Ambassador to Vietnam B.N. Chaplin attended the reception which took place in a cordial atmosphere.

Communique Issued

OW120845 Hanoi VNA in English 0821 GMT 12 Jan 86

["Press Communique on Vietnam-USSR State Plan Coordination for 1986-1990 Period" -- VNA headline]

[Text] Hanoi VNA Jan 11 -- Talks on the coordination in the state plans during the 1986-1990 period between Vietnamese and Soviet planning offices concluded in Hanoi yesterday.

Vo Van Kiet, member of the Political Bureau of the Communist Party of Vietnam Central Committee (CPV CC), vice chairman of the Council of Ministers and chairman of the State Planning Commission; and N. Talyzin, alternate member of the Political Bureau of the Central Committee of the Communist Party of the Soviet Union (CPSU), first vice-chairman of the Council of Ministers and chairman of the State Planning Committee, signed a protocol on the results of the work done by the two sides.

The talks were [words indistinct] the agreement achieved at the talks between C.P.V. C.C. General Secretary Le Duan and CPSU General Secretary M.S. Gorbachev in the Soviet Union in June 1985. The protocol provides for the schedule of the implementation of important principles of the long-term program for economic, scientific and technical cooperation between Vietnam and the Soviet Union and the implementation of the resolutions of the economic summit conference of the member-countries of the Council for Mutual Economic Assistance (CMEA).

Vietnam and the Soviet Union have approved the main orientations for the bilateral economic cooperation in the next five years and the longer-term cooperation in some other fields. The volume of goods exchanged between the two countries is expected to increase by 1.7 times.

The Soviet Union's economic and technical cooperation with and allround economic assistance to Vietnam in the development of its national economy will increase considerably.

Attaching more importance to the development of Vietnam's fuel and energy foundations, leading members of the two countries' planning bodies held that special attention should be paid to the survey and exploitation of mineral oil and to the simultaneous development of coal and power industries. The protocol also schedules for the Soviet Union's continued supply of whole sets of equipment for building in Vietnam energy enterprises, engineering and chemical plants, developing mining industry and communication networks, and expanding educational, medical and scientific institutions.

With the (?transfer) of commodities in the Soviet Union, the supply of fuel, steel and iron, chemical fertilizers, cotton, machinery, equipment and other commodities for Vietnam's national economy will be facilitated. In return, Vietnam will increase the volume of its exports to the Soviet Union, first of all farm produce on the basis of the long-term cooperation program, the production of natural rubber, vegetation, tea, coffee, and items made by the light and local industries in the Socialist Republic of Vietnam will be expanded for the export to the Soviet Union.

The talks between leading members of the planning bodies of Vietnam and the Soviet Union proceeded in an atmosphere of fraternal friendship and mutual understanding.

Delegation Departs

OW121033 Hanoi VNA in English 0829 GMT 12 Jan 86

[Text] Hanoi VNA Jan 11 -- A party and government delegation of the Soviet Union headed by Talyzin, alternate member of the Political Bureau of the CPSU Central Committee and first vice chairman of the Council of Ministers, left Hanoi today. It was here for a friendship visit to Vietnam and attending the ceremony for damming the DA River (second phase) at the construction site of the Hoa Binh hydro-electric power plant.

It was seen off by Do Muoi, member of the Political Bureau of the Communist Party of Vietnam Central Committee (CPV C.C.) and vice-chairman of the Council of Ministers; Tran Quynh, member of the CPV C.C. and vice-chairman of the Council of Ministers; Phan Dinh Vinh, deputy head of the CPV C.C.'s International Department; Nguyen Dy Nien, assistant to the foreign minister, and other senior officials.

Ambassador B.N. Chaplin and other members of the Soviet Embassy in Hanoi were present on the occasion.

COMMITTEES SCORE U.S. ACTS AGAINST LIBYA

BK101628 Hanoi Domestic Service in Vietnamese 1430 GMT 10 Jan 86

[Text] The Vietnam Committee for Friendship with Foreign Countries and the Vietnam Afro-Asian People's Solidarity Committee have issued the following statement:

According to foreign sources, the Reagan administration in recent days has accused Libya of deploying SAM-5 missiles on its territory and of being behind various international terrorist acts, thus compelling the United States and Israel to overtly conduct military provocations, and many aircraft and warships into the Mediterranean, step up their encirclement of Libya and grossly threaten to launch an aggression against Libya.

It is obvious that this is the newest act in the systematic hostility toward Libya carried out for many years now by the United States, thus intimidating and threatening the independence, sovereignty, and territorial integrity of Libya -- a member of the United Nations -- and seriously threatening peace and security in the Middle East, Africa, and the rest of the world.

Together with progressive and peace and justice-loving mankind, the Vietnamese people are deeply indignant at and soundly condemn this act of international gendarmery by the U.S. imperialists, and resolutely demand that they put an immediate end to all threats and acts of intervention and aggression against the Socialist People's Libyan Arab Jamahiriyah, and immediately give up all schemes of intimidation to sow division and impose their rule over the countries in the Middle East and other Arab countries.

The Vietnamese people unswervingly stand by the side of the fraternal Libyan people and affirm their solidarity with and full support for the peoples of Libya, Palestine, and other Arab countries, who are struggling against various imperialist forces, especially the U.S. imperialists and other reactionary forces, to firmly defend their independence, national sovereignty, and territorial integrity.

NHAN DAN Condemnation

OW100749 Hanoi VNA in English 0722 GMT 10 Jan 86

[Text] Hanoi VNA Jan. 10 -- NHAN DAN today strongly condemns the United States and Israel's hostile policy and threat of aggression against Libya and reaffirms Vietnam's solidarity with the Libyan and other Arab peoples' just struggle. It resolutely demands that the United States and Israel respect Libya's independence sovereignty and territorial integrity.

The paper notes that the U.S. current activities in preparation for an armed aggression against Libya have posed a serious threat to the national independence and sovereignty of the Libyan people and constituted a brazen challenge to progressive public opinion and a brutal violation of international law and United Nations Charter.

"This act", NHAN DAN says, "proves that the U.S. Administration is intensifying the nuclear arms race and the preparations for a "star wars", while continuing with its policy of state terrorism against the peace, security and progress of nations, causing tension in many parts of the world. By these acts, it also wants to involve its allies and lackeys in its campaign of opposing the national liberation movement of the Arab countries in an attempt to force these nations to accept its domination". This runs counter to the aspiration for peace of the vast majority of the people on our planet and to the growing trend in the world towards dialogue and the elimination of confrontation in international relations, NHAN DAN concludes.

RADIO ARTICLE VIEWS U.S.-THAI COLLUSION

BK121615 Hanoi Domestic Service in Vietnamese 0015 GMT 12 Jan 86

["Article" by Station Editor Duong Van Huong]

[Text] According to sources from Washington and Bangkok, U.S. Secretary of Defense Weinberger recently sent his assistant to Bangkok to deliver a letter to Thai Prime Minister Prem. In that letter, Weinberger reaffirmed continued U.S. military aid to Thailand.

Public opinion still remembers that recently, on 3 October 1985 in New York, the U.S. secretary of defense signed a military agreement with the Thai prime minister which outlined the transferring of large amounts of necessary weapons and military transport equipment by the United States during so-called emergencies. The United States would also help Thailand increase the production of ammunition and military equipment in Thailand.

During the last months of 1985, Washington continuously sent many high-ranking White House and Pentagon officials -- even former Secretary of State Kissinger -- to Thailand to give instructions to Bangkok. Many U.S. officials also made observation trips to the Thai-Cambodian border where they met with Khmer reactionary groups and used money and weapons to boost their morale. In the budget for the new fiscal year which was recently approved by the U.S. Congress a large sum of money has been appropriated as aid for Thailand.

What does this mean, this military collusion between Washington and Bangkok? First of all, it clearly reveals that both Washington and Bangkok are still pursuing a policy of violence against the Cambodian people's revival and a policy of opposing the trend toward dialogue now in progress in Southeast Asia -- a region in which Thailand is considered a frontline state against the three Indochinese countries.

More profoundly, this is a new step by Washington to intensify U.S. military strength in the Asia-Pacific region to oppose the socialist and independent countries currently adopting a progressive line in the region, as well as to control those countries which are within the U.S. orbit.

People are well aware that every time an arms delivery is made to Thailand, Washington, Bangkok, and even Beijing conduct a chorus of slander about Vietnam preparing to invade Thai territory and how the threat against ASEAN countries is from the Indo-Chinese countries and from the Soviet Union.

It is this chorus which paves the way for the forces hostile to the revolution of the three Indochinese countries to pour weapons into Thailand and turn Thai territory into a military base while preparing for a war and instigating the Bangkok administration and Khmer reactionary groups to become more deeply involved in crimes against the Cambodian people's revival.

It must be pointed out that by working hand in glove with Washington and Beijing and by allowing Washington and Beijing to pour weapons into Thailand and turn Thailand into a frontline state against the three Indochinese countries, the Bangkok administration only courts disaster to Thailand itself. All aspects of the increasingly unstable situation in Thailand attest to this. Even public opinion in Thailand has asserted that Bangkok only hurts its own interests by cooperating with Washington and Beijing.

REPORT ON U.S. TROOPS, WARGAMES IN THAILAND

BK131028 Hanoi International Service in English 1000 GMT 13 Jan 86

[Text] The Japanese paper SANKEI SHIMBUN said that the United States is likely to deploy its troops on Thai soil. In its recent issue the paper said: U.S. Secretary of Defense Weinberger is scheduled to visit Thailand in April this year and sign an agreement on the building of huge U.S. arsenals in Thailand.

Meanwhile, Thai Naval Admiral Nippon Sirithon said that the annual Thai-U.S. joint wargame code-named "Cobra Gold" is due to start in June and July this year in two of Thailand's provinces bordering Kampuchea. The Thai admiral also said that about 10,000 U.S. and Thai naval and ground troops are supposed to take part in these joint exercises.

AFP REPORT ON U.S. AID TO CAMBODIAN FORCES CITED

BK131018 Hanoi International Service in English 1000 GMT 13 Jan 86

[Text] The French news agency AFP has quoted THE WASHINGTON POST as saying that the U.S. Administration has decided to grant a \$3.5 million aid to Khmer reactionary forces. The aid will be sent through Thailand. Earlier, in December last year, the United States gave \$5 million to Khmer reactionaries.

KAPITSA CITED ON SOUTHEAST ASIAN SITUATION

OW101023 Hanoi VNA in English 0735 GMT 10 Jan 86

[Text] Hanoi VNA Jan. 10 -- "The main source of tension in Southeast Asia, in the Soviet Union's judgement, is the continuing interference in the affairs of the region by external forces which are aiming to impose their will upon the peoples of the region and to stir up confrontation between the states of Indochina and the ASEAN countries," stated Mikhail Kapitsa, deputy minister of foreign affairs of the U.S.S.R., at a briefing at the ministry's press centre on Wednesday, reports TASS.

Attempts at aggravating the situation in the region cannot but give rise to serious concern in the Soviet Union and among all those who cherish the interests of peace in Southeast Asia and the destiny of its peoples, he emphasised.

The Soviet Union, Mikhail Kapitsa said, has proceeded and is proceeding from the premise that in Southeast Asia there are no problems which could not be settled by political means at the table of negotiations. This is why the USSR comes out in support of efforts at regional level directed towards a search for mutually acceptable solutions and towards the development of peaceful, good-neighbourly relations between the countries of the region. The conduct of a constructive dialogue between directly interested states, the dialogue which would ultimately lead to the establishment of lasting peace and stability in the region, is the only reasonable alternative, a direct and real way towards solving the existing problems.

"The Soviet Union," Kapitsa went on to say, "has no specific interests in Southeast Asia. We do not seek to derive any benefit for ourselves from the situation which has developed there. Our interest in the normalisation of the situation in the area is determined by the responsibility of the Soviet Union as a permanent member of the UN Security Council for the maintenance of universal peace and security and as a big Asian and Pacific country.

The U.S.S.R. has repeatedly stated its readiness to take part together with the other states -- permanent members of the UN Security Council in guarantees of accord which may be reached between the countries of Indochina and ASEAN either at an international conference on the problems of Southeast Asia if such conference is convened, or in any other form.

NHAN DAN CONDEMNS PRC LEADER'S VISIT TO ISLANDS

OW100831 Hanoi VNA in English 0800 GMT 10 Jan 86

[Text] Hanoi VNA Jan. 9 -- "The Chinese party leader's visit to Vietnam's Hoang Sa Archipelago on the occasion of the new year of 1986 was an illegal act and a gross violation of Vietnam's sovereignty and territorial integrity", says NHAN DAN in a commentary today. Under the title: "Hoang Sa and Truong Sa Archipelagoes forever are sacred territories of Vietnam", the national daily stresses that this also was a brazen challenge to the conscience of mankind, and a violation of the most elementary norms of international law.

The paper condemns the Chinese Foreign Ministry spokesman's statement on Jan. 7 saying that Hoang Sa and Truong Sa are part of China's territory. "The Chinese Administration's fabrications and acts of thief crying stop thief cannot blur the hard fact that Hoang Sa and Truong Sa Archipelagoes are forever part of the sacred territory of Vietnam", the paper says.

"One should wonder why the Chinese authorities chose the start of the international year of peace when the trend for dialogue is growing in the region to increase its allegations against Vietnam, fanning up the flame of confrontation created by itself". "China's policy of hostility, of creating tension and putting pressure upon Vietnam can only run counter to the Chinese people's interests and is doomed to failure", NHAN DAN concludes.

DO MUOI AT CLOSING OF INDOCHINA ECONOMIC MEETING

OW130959 Hanoi VNA in English 0743 GMT 13 Jan 86

[Text] Hanoi VNA Jan 12 -- The 6th regular session of the heads of the committees for economic and cultural cooperation of Vietnam, Laos and Kampuchea successfully concluded here this afternoon after five days' sitting. An agreement on the program of economic, cultural, scientific and technical cooperation among Vietnam, Laos and Kampuchea in the period 1986-1990 was signed here this evening by Cabinet Minister Dang Thi, chairman of the Vietnamese Committee; Cabinet Minister Maisouk Saisompheng, chairman of the Lao Committee; and Cabinet Minister Tang Saroem, chairman of the Kampuchean Committee. The agreement defines the targets and programme of cooperation among the three countries including the settlement of the food and foodstuff problem, the development of consumer goods industry, communications and transport, education, public health, culture, etc.

Later, Minister Dang Thi and Minister Maisouk Saisompheng, on behalf of their governments, signed an agreement on aid and cooperation between Vietnam and Laos in 1986. Minister Dang Thi and Minister Tang Saroem, on behalf of their governments, also signed an agreement on aid and cooperation between Vietnam and Kampuchea in 1986.

Do Muoi, Political Bureau member of the Communist Party of Vietnam Central Committee and vice chairman of the Council of Ministers; Lao Ambassador Kampheun Tounalom; Kampuchean Ambassador Tep Henn and representatives of the offices concerned witnessed the signing of these documents.

AUSTRALIAHAYDEN WELCOMES DPRK SIGNING OF NUCLEAR TREATY

BK090921 Melbourne Overseas Service in English 0830 GMT 9 Jan 86

[Text] The minister for foreign affairs, Mr Hayden, has welcomed North Korea's signing of the Nuclear Nonproliferation Treaty. In a statement released in Canberra, Mr Hayden said the North Korean decision was an important contribution to stability and security in the region. South Korea and Japan are both already parties to the treaty, which provides for a binding international commitment not to develop any nuclear explosive devices. Mr Hayden described the treaty as the world's single most effective and most widely adhered to nuclear arms control mechanism. He said North Korea's signing of the treaty boosted Australia's hope that those few countries with significant nuclear capacity yet to sign would review their position. .

PRELIMINARY TALKS WITH UN ON NUCLEAR TEST END

BK110954 Melbourne Overseas Service in English 0830 GMT 11 Jan 86

[Text] Australian and British government officials have ended 2 days of preliminary talks in Canberra on recommendations for British compensation for nuclear tests carried out in Australia in the 1950's and 1960's. The key recommendations from the Australian inquiry headed by Mr Justice McClelland are that Britain should compensate alleged victims of nuclear fallout and pay for the test sites to be cleaned up. The tests were carried out at Maralinga and Emu in South Australia and the Monte Bello Islands off Western Australia. Mr Justice McClelland said in the report that the test sites carried enough residual contamination to prevent aborigines from living in their traditional tribal land.

A spokesman for the British team described the meeting as a useful opportunity for a preliminary exchange of views without commitment by either side. He said the meeting had been only exploratory but had dealt with all the recommendations from the inquiry. Further talks are to be held in London later this month between the Australian minister for resources and development, Senator Gareth Evans and the British minister for defense procurement, Mr Norman Lamont. Two agreements between the countries signed in 1968 and 1979 absolved Britain from any further liability for the aftereffects of the nuclear test program.

NEW ZEALANDEXPERT ADVISES AGAINST SANCTIONS ON LIBYA

HK130022 Wellington Overseas Service in English 2300 GMT 12 Jan 86

[Text] An expert in Middle East politics says the New Zealand Government should take the same stand on the United States call for trade sanctions against Libya as the national government did with a similar boycott on Iran in 1980. Dr Ron Macintyre from Canterbury University says New Zealand won the affections of the Iranians because she did not go along with the boycott, and the result has been a considerable increase in trade with Iran since 1980. Dr Macintyre says joining the boycott against Libya would not only affect potentially lucrative trade deals with that country, but would be seen by Iran as an insult, and damage our significant trade relationship with Iranians. He said the row between Libya and the United States is not as fearsome as the Americans would like New Zealand to believe, and the government should be extremely cautious about joining the boycott.

MARCOS ATTACKS OPPOSITION ON ELECTION ISSUES

Dismisses Economic Program

HK110203 Manila BUSINESS DAY in English 10 Jan 86 p 24

[Text] President Marcos yesterday deplored the opposition's six-point economic program which he said "merely echoes concern previously addressed -- and addressed effectively -- by the administration."

"I had asked the opposition to disclose its supposed program of government, but I did not expect the opposition to paraphrase our own economic program," the president said in a statement released yesterday. Replying to the opposition's economic platform, Marcos said:

Solution to the problems of unemployment, underemployment and poverty have been adopted long ago by the government. As a result, employment has been raised to encompass 94 percent of the workforce and the per capita income went up from P736 per annum in 1965 to P10,072 at current prices as of 1984.

On the foreign debts, the government has successfully concluded a standby credit facility with the International Monetary Fund. This triggered the reopening of trade and credit facility with foreign banks.

The so-called monopolies in coconut and sugar industries have been dismantled. The Philippine Coconut Authority has been reorganized and a coconut replanting program launched. Excess coconut oil and copra production will be purchased by the government to benefit coconut farmers.

The National Sugar Trading Corp., or Nasutra, has been dismantled and a new entity the Philippine Sugar Marketing Corp., or Philsuma, has negotiated with domestic banks for a large loan to repay producers so that the latter can update the payment to their workers.

Among his initial concerns beginning in 1965 was the drawing up of an annual investment priority plan that is administered by the Board of Investments. A balanced agro-industrial economic policy was adopted along with the stimulation of foreign investments. A plan to set up 11 basic heavy industries was established. But when the energy crisis developed, quadrupling the price of petroleum, the government adopted a flexible policy by retaining those that could be set up using the country's bigger capital resources. The government has long ago adopted an industry dispersal program, which disallows application for the setting up of the industries within a 50-kilometer radius from Manila.

The government has never abandoned its policy of encouraging the growth of free enterprise. However, in the mid-70s when the imminent collapse of certain industries due to the recession abroad became apparent and would put thousands of workers out of job, the government adopted rescue operations by taking control over certain business. These businesses are being nursed back to financial health. Once they recover, the government will sell them to private businessmen. These companies include several banks, some of which have become so profitable that they are attracting private sector buyers.

The government's complementary action of fiscal budgetary policies has enabled the nation to reduce government expenses without curtailing basic services, to stabilize the exchange rate of the peso, and to bring down the inflation rate.

The statement said the opposition is "deceiving the public when it says it would adopt these programs without saying that these programs have long been the subject of serious concern by the administration." The president said "this bankruptcy of ideas on part of our political opponent is symptomatic of the irrelevancy that hounds their campaign. The president also repeated his warning that an opposition victory in the coming election would usher in a period of instability because of the opposition's links with the Communist Party of the Philippines, and the New People's Army.

Speaking before the Veterans Federation of the Philippines the president said before the opposition plunges the country into chaos, the veterans should work to prevent the opposition from taking the reins of government. The president also asked the veterans to help keep the election honest, fair and clean. The veterans federation has asked the Comelec for accreditation to be one of the private citizens arms to safeguard the sanctity of the coming election.

In a separate ceremony held in Malacanang, the Nationalista Party [NP] (Jose Roy Wing) signed a coalition agreement with the ruling Kilusang Bagong Lipunan. President Marcos witnessed the signing. The articles of coalition agreement were signed by President Marcos and Rafael Palmares, acting NP president, representing former Sen. Jose Roy who was indisposed at the time. Marcos said the coalition agreement is "historic development in Philippine politics," adding that "this is a turning point from expectancy to certainty of KBL victory in the coming election."

The President said more surveys indicate that the KBL candidates are way ahead of the opposition in the Feb. 7 special election. The President also reiterated his commitment to the holding of a fair and honest election next month.

Warns of 'Oppression'

HK120221 Quezon City Maharlika Broadcasting System in English 0200 GMT 12 Jan 86

[Text] President Marcos last night warned against the dangers of oppression in the event of an opposition victory, as he urged the people not to put to waste all the employment and benefits that his administration has provided for the low-income groups. Speaking before a mixed group of people [words indistinct] dock workers in Intramuros, the president urged laborers to unite and upport the KBL ticket, to prevent the opposition from taking over and putting the country into the danger caused by oligarchy and oppression.

Decries Compact With MNLF

BK130249 Manila PNA in English 0226 GMT 13 Jan 86

[Text] Manila, Jan. 13 (PNA) -- President Ferdinand Marcos has described as a "sell-out and an act of treason," the opposition's agreement with foreign-based secessionist guerrillas recognizing the so-called Bangsa Moro Republic (BMA) in the Philippines.

The agreement was reportedly inked by Nur Misuari, the Middle East-based chieftain of the outlawed Moro National Liberation Front (MNLF), and Agapito Aquino, brother-in-law of Mr. Marcos' election rival Corazon Aquino. The MNLF is an outlawed separatist movement seeking to establish an independent state out of the southern Philippine Islands and the Malaysian state of Sabah to be known as the Bangsa Moro Republic.

"They have signed a compact which is an act of treason," the 68-year-old Mr. Marcos said.

Misuari, a leftist-oriented Filipino Moslem rebel leader, and Agapito had reportedly agreed to establish Bangasa Moro State should the opposition tandem of Aquino and former Salvador Laurel win in the Feb. 7 special presidential polls.

In his statements, the president told reporters he would take "serious and substantial steps" to prevent the MNLF from reviving the secessionist problem in southern Philippines. "I will now have to consider the offer of some of the leaders of the Misuari group to return to the Philippines," the president pointed out.

The MNLF had broken up into several factions after the exiled leaders had quarreled over the disposition of funds given them by their foreign supporters. Some separatist leaders had sent feelers to Mr. Marcos to surrender after they admitted the futility of carrying on their movement decimated by massive defections of thousands of followers to the government side.

The rebel surrenders had been granted total amnesty by President Marcos and extended financial assistance to enable them to lead a new life. One of those who reportedly wanted to join the Marcos government was Misuari himself, but foreign backers had mixed his move.

AQUINO AGREES TO PUBLIC DEBATE WITH MARCOS

HK131041 Manila Far East Broadcasting Company in Tagalog 1000 GMT 13 Jan 86

[Text] Finally, the two presidential candidates will be given the opportunity to pit their wits and talent in a public debate to be arranged by the National Press Club. Mrs Cory Aquino earlier accepted the challenge of President Marcos to engage him in a debate on their respective government platforms. However, Mrs Aquino stated two conditions, namely: that the debate be held at Plaza Bonifacio instead of at the Philippine International Convention Center, and that it be held on a one-to-one format with a single moderator.

AQUINO MAKES 'COMPLETE TURNAROUND' ON COMMUNISTS

HK110036 Manila Far East Broadcasting Company in English 2300 GMT 10 Jan 86

[Text] Opposition candidate Corazon Aquino has apparently taken a complete turnaround from previous positions concerning the Communists and the New People's Army. In a statement in Tigaon, Camarines Sur, where she campaigned yesterday, Mrs Aquino said she will not negotiate with the Communists nor will she allow their support for the opposition. However, she did not elaborate on that statement.

In Manila, her headquarters issued a statement earlier saying that Mrs Aquino will fight the Communists who refuse to lay down their arms. Her change of position on the communist issue places her on a similar stand with the president, who has always opposed communism.

Former Senator Salvador Laurel, the opposition vice presidential candidate, has continued to assail graft and corruption in the government. He said the opposition will win openly and eradicate graft. He said graft and corruption is the greatest crime of the Marcos administration.

AQUINO PROTESTS VIOLATIONS OF EQUAL TIME RULE

HK101147 Manila Far East Broadcasting Company in Tagalog 1000 GMT 10 Jan 86

[Text] Opposition presidential candidate Cory Aquino has filed a complaint with the Commission on Elections [Comelec] against Channels 4 and 13 for what she termed as violations of the equal time rule for all candidates. In her complaint, which was presented by lawyer Joker Arroyo, Mrs Aquino said that both channels covered the Kolusand Bagong Lipunan convention at the Manial Hotel on December 11, each airing 4 hours, while the United Nationalist Democratic Organization-Laban [People Struggle] convention was not covered at all. Mrs Aquino cited Section 86 of the Omnibus Election Code which orders networks to give equal time to the candidates and their parties, violations of which are supposedly punishable by jail.

The Comelec has asked officials of Channels 4 and 13 to reply to the complaint.

CROWD OF 200,000 REPORTED AT CEBU RALLY

HK120056 Hong Kong Commercial Radio in English 0000 GMT 12 Jan 86

[Text] Opposition presidential candidate Corazon Aquino has again demonstrated her huge popular appeal with the Philippine electorate. More than 200,000 people cheered her as she rode through the streets of Cebu City. At a rally that followed, she reaffirmed her determination to see the assassins of her husband punished, but she denied President Marcos' charge that she was seeking vengeance. Mrs Aquino insisted that she would only be looking for justice, and Mr Marcos need not fear if he is innocent.

PNA: OPPOSITION 'MOCKED' DURING DANAOS VISIT

BK130251 Manila PNA in English 0234 GMT 13 Jan 86

[Text] Manila, Jan. 13 (PNA) -- Opposition bets Corazon Aquino and Salvador Laurel hit Sunday the central Philippine city of Danao and to their surprise, they were mocked by placard-bearing supporters of reelectionist President Ferdinand Marcos.

"Danao is 100 percent behind President Marcos," said one of the placards carried by a Marcos follower. Other placards also showed the following slogans: "Down with communists," "The victory of the opposition is the death of democracy," and "Marcos pa rin" (We are still for Marcos).

The mockery of the political campaign of Aquino and Laurel was reportedly sprung by former Solon Ramon Durano, a political kingpin of President Marcos in the area. He was earlier quoted by reporters as saying that he would surprise the scheduled visit of Aquino and Laurel, standard bearers of the Unido [United Nationalist Democratic Organization], the largest opposition camp in the country.

At least 200 opposition sympathizers welcomed the opposition tandem of Aquino and Laurel, but their cheers were drowned out by some 700 followers of Marcos. Aquino reportedly expressed disgust over the unpleasant reception and their 40-vehicle motorcade instead proceeded a Roman Catholic church and heard mass.

LONDON PAPER REPORTS AQUINO ACCORD WITH CPP

HK130239 Manila Far East Broadcasting Company in English 2300 GMT 12 Jan 86

[Text] The London newspaper THE OBSERVER reported that Mrs Corazon Aquino has promised the Communist Party and the NPA three government ministries in return for their support of the opposition. THE OBSERVER's correspondent in Manila said Communist Party sources representing the moderates inside the NPA claimed that the party is now united in supporting the opposition in the February elections. The sources said the NPA conditions for such support are recognition of the Communist Party, and having communist leaders in important government positions.

In particular, the communist sources told THE OBSERVER that they want the ministries of foreign affairs, finance, and education. The paper also reported that last week, Mrs Aquino and her running mate Salvador Laurel had agreed to those demands on condition that the Communists renounce all forms of violence. Officially, however, the opposition UNIDO still claims it has held no talks on forming alliances with the Communist Party or the NPA to overthrow President Marcos at the polls.

Ver Threatens Court Action

HK130340 Hong Kong AFP in English 0318 GMT 13 Jan 86

[Text] Manila, Jan 13 (AFP) -- Armed Forces Chief General Fabian Ver has warned that all "Communist personalities" backing opposition presidential bet Corazon Aquino will be charged in court after the February 7 poll, press reports here said today.

Gen. Ver reportedly told journalists in the central city of Cebu Saturday that "all known Communist personalities who are with (the) opposition standard bearer will be charged in court after the February 7 election." Military spokesmen here could not immediately confirm the reports in the opposition-leaning MALAYA newspaper and the independent BUSINESS DAY. The campaign headquarters of President Ferdinand Marcos declined comment.

The reports did not specify the charges envisioned by Gen. Ver, but mere membership in the banned Communist Party of the Philippines is punishable. The military can file charges if they have evidence.

Asked to comment on the reports, a member of the Aquino campaign staff, lawyer Francis Garchitorena, said: "I think it is consistent with the lack of intelligence of the military establishment and the government...also why wait after the elections? It just means that they have no proof and they are merely harassing Aquino supporters." The newspapers said Gen. Ver made the statement in Cebu when Mrs. Aquino -- who has been accused by Mr. Marcos of having communist advisers -- stumped for votes in the populous opposition bailiwick.

Gen. Ver, along with 25 other mostly military men, were acquitted by a trial court here last month of murder charges in connection with the 1983 Manila airport assassination of Mrs. Aquino's husband, opposition leader Benigno Aquino. The court, in a controversial ruling, upheld the military's version that a lone gunman -- allegedly hired by communists -- shot Mr. Aquino at the airport tarmac before he himself was shot dead by soldiers.

Gen. Ver reportedly refused to name who those "communist" personalities are, but claimed they were disguised as human rights advocates or leaders of "cause-oriented" groups.

He said the court action would be in response to their using democratic institutions in advancing the leftist ideology, the reports added. Mr. Marcos had earlier named Mrs. Aquino's brother-in-law Agapito Aquino as one of his opponent's so-called "communist advisers." Mr. Aquino denied the charge and said the President was "insane."

The dailies here quoted opposition PDP-LABAN [Pilipino Democratic Party-Lakas ng Bayan] party stalwart Aquilino Pimentel as saying in reaction to the general's comments: "Considering that such utterances were made during the election campaign, it cannot be considered as anything but a threat against Aquino supporters."

Meanwhile, pro-government newspapers here today began reprinting a report by the London-based THE OBSERVER which alleged that the opposition and the Communist Party "appear to have cemented an unlikely pact" for the election. In return for their backing, the Communists have demanded the recognition of their party and key government positions for party members, particularly in the ministries of foreign affairs, finance, and education, the paper said, quoting unnamed party sources.

[Tokyo KYODO in English At 1140 GMT on 11 January carries a similar report on Gen Ver's warning to the Communists that adds:

"The election campaign going on right now prevented us from taking action against them because we can be easily misunderstood." Ver said. "They may become martyrs," he added. He said he expects difficulty in arresting the people concerned, who he did not identify, because the military would be accused of harassing the political opposition and violating human rights. What we are actually doing now is to monitor and document intensively their (the Communists') activities so that it can be utilized as evidence against them in court," Ver said."

SIN WARNS OF BLOODSHED IF ELECTION CANCELLED

HK110438 Hong Kong AFP in English 0426 GMT 11 Jan

[Text] Manila, Jan 11 (AFP) -- Philippine church leader Jaime Cardinal Sin has warned in an interview published today of a bloody revolution if President Ferdinand Marcos scrapped elections scheduled for February 7.

The Manila Primate also told THE PHILIPPINE ENQUIRER newspaper that the influential Roman Catholic church "will have to stop the people if they decide to revolt." A bloody revolution will take place if the presidential poll on February 7 is cancelled or should opposition candidates win but are not allowed to assume their position by present leaders, the daily quoted him as saying.

Mr. Marcos, seeking another six-year term after 20 years in office, admitted yesterday that an imposition of martial law in the country before the vote was a possibility but that the chances were almost nil. The cardinal also said he considered it a "sacred" obligation for every citizen to vote.

The banned Communist Party of the Philippines and its New People's Army -- who Mr. Marcos insists have links with opposition presidential candidate Corazon Aquino -- along with the left-leaning alliance Bayan, have called for an active boycott of the polls.

"If there is no cheating at the polls, the chance of opposition victory is great." said Cardinal Sin, who played a key role in talks which eventually made Salvador Laurel give up his presidential bid to become the running mate of Mrs. Aquino. "If he (Mr. Marcos) does not win then there would be a new administration, and maybe the lives of our people will change for the better," he added, but refused to name his personal preference.

MILITARY PLEDGES 'NO COUP' DURING ELECTION

HK131103 Hong Kong AFP in English 1057 GMT 13 Jan 86

[Text] Manila, Jan 13 (AFP) -- The Philippines' top churchman, Jaime Cardinal Sin, today called on Filipino "dissidents" to negotiate with the government for an immediate ceasefire during next month's presidential elections. The cardinal also said he had been assured by the country's military leaders that they would not resort to a coup.

Speaking at a Rotary Club luncheon in nearby Quezon City, Cardinal Sin said the main danger standing in the way of a peaceful and democratic presidential election on February 7 was violence, and that the threat could come from three quarters -- the Armed Forces, the "dissidents" and private armies.

"When it comes to the dissidents, the most feared act is terrorism," Cardinal Sin said. "Together with my brother bishops of the Philippines, I now call on them to show their love for country by entering into negotiations with the state for an immediate ceasefire during this election at least and possibly beyond that," he added.

He told Rotary members that he knew the grievances of the rebels were "authentic and just," and said many of them had seen relatives murdered, others unjustly lost and others had been denied the means of livelihood by the powerful. However, he said, he called on them to "give peace a chance to free you and our land from the anguish of injustice and oppression."

On the military, Cardinal Sin said he had met privately with the top generals of the Army, the Navy, the Air Force and the Philippine Constabulary before Christmas "because I foresaw something" and that they had reassured him there would be no coup attempt. "I am very happy with this, and the dialogue is continuing," Cardinal Sin said. "They have given me their word of honor never to violate their vow of loyalty to the Constitution," he added.

Cardinal Sin, who has enormous influence in the predominantly Catholic Philippines, repeated the church's position of neutrality in the election between President Ferdinand Marcos and Corazon Aquino.

He called on Filipinos not to resort to confusion, fear, violence or flight from the country, or indulge in "macho type wishes to go to the hills if all else fails."

A third danger, he warned, was the possible use by powerful civilians of private armies used to "intimidate the poor". He said he welcomed efforts by the Armed Forces to discipline and control such elements.

On election day, the cardinal said, priests, nuns and lay persons had been exhorted to assist election watchdog bodies to ensure that the elections would be "free, clean and honest." "The Filipino should never allow that someone should control his expression, his thinking -- for us it is against the church for anyone to dictate the way to vote," he said.

Unofficial estimates put the number of armed communist New People's Army (NPA) rebels at some 15,000.

OPPOSITION FORMS TEAM TO ARBITRATE DISPUTES

HK101007 Manila BULLETIN TODAY in English 9 Jan 86 pp 1, 9

[By C. Valmoria Jr.]

[Text] Quarrels within the coalition have forced the Aquino-Laurel duo to form a committee to arbitrate both national and local disputes between any of the 13 opposition groups under the Unido umbrella.

In addition, the two gave a "family" team -- Jose Cojuangco Jr., brother of Mrs. Aquino and MP Jose B. Laurel Jr., brother of Laurel -- the sole authority to name poll inspectors for the coalition. Despite these measures, Unido and Laban partisans continue to threaten to junk each other's candidates.

A sign of the arbitration committee's impotence is its failure to stop Cebu oppositionists from holding separate rallies on Jan. 11 and 12. One, sponsored by Panaghuisa, will have Mrs. Aquino for its guest. The other under Unido's auspices, will feature Laurel. The committee has also failed so far to resolve the question of which group to recognize as the dominant opposition party for Cebu -- which will, therefore, be entitled to the opposition's poll inspectors on the island. If the Aquino-Laurel campaign is endangered by its shaky coalition, the unity of specific antigovernment groups has also been affected by their candidacy.

Bayan [New Nationalist Alliance] for instance, has split over the question of whether or not to support the opposition ticket. The radical group -- described by Ross Munro of TIME as a communist front -- has decided to boycott the election rather than support the opposition ticket. As a result, relatively moderate Bayan leaders -- Ambrosio Padilla, Lorenzo Tanada, Jose Diokno, Teofisto Guingona, and businessman Jaime Ongpin -- have left to join the Unido mainstream.

The Salonga and Kalaw wings of the old Liberal Party are engaged in a protracted war -- Kalaw refusing to stop her third-man campaign for the vice presidency.

The heterogenous quality of the Aquino-Laurel coalition makes it hard for either of them to speak authoritatively for the opposition. On two key issues -- what to do with the U.S. bases and how to deal with the communist insurgents -- the factions seem as irreconcilable as ever.

Generally speaking, Mrs. Aquino seems to be moving leftward. In Baguio City on Jan. 2, she said that on the bases, she would keep her options open as there will be many events between now and 1991. On the CPP [Communist Party of the Philippines] -NPA, she announced -- on the same occasion -- that she would accept help from Communists and welcome them into her government "provided they renounced violence..."

Laurel's position on both issues is relatively more centrist. He has said he would leave the question of the bases to a plebiscite after 1991, and has not gone beyond calling for "legalization" of the Communist Party. The other opposition leaders -- Salonga, Tanada, Diokno, Agapito "Butz" Aquino, Pimentel, Adaza, Guingona, Canoy and Rogaciano Mercado -- are all for immediate abrogation. They also generally favor what Pimentel describes as a "non-condemning posture to our brothers in the extreme left, who have gone to the hills."

Friendly political observers fill the pages of the so-called alternative press with exhortations and warnings about opposition disunity, which Francisco S. Tatad of BUSINESS DAY foresees as a "first-class disaster" for the Aquino-Laurel team.

MALAYA has pleaded with the Aquino-Laurel duo to step into the squabbling ranks of their respective camps." Belinda Olivares Cunanan of the INQUIRER reports Mrs Aquino as appearing "more drained by the infighting between the various groups supporting her than by the breakneck pace of the campaign."

RADIO REPORTS OPPOSITIONISTS JOINING KBL

Ganzon Withdraws From Race

HK130341 Manila Far East Broadcasting Company in English 2300 GMT 12 Jan 86

[Text] Former Senator Rodolfo Ganzon has withdrawn from the vice presidential race and reports said that he will join the KBL. Ganzon is leader of the opposition in the Visayas. He reported his withdrawal to the Commission on Elections and informed the Comelec he will shortly send an official letter of withdrawal from the election contest.

Sources at the KBL said Ganzon will also take affiliation with the ruling party.

50 Leaders Take Oath

HK130349 Manila Far East Broadcasting Company in English 2300 GMT 12 Jan 86

[Text] A total of 50 opposition leaders yesterday joined the ruling Kilusang Bagong Lipunan. They took their oath before Member of Parliament Imee Marcos Manotoc in the presence of former Congressmen Ramon Durano and city Mayor Ramon Durano Jr. The former opposition leaders were led by former regional trial court judge Oliveros Quintanar. Quintanar ran under the (Pundok Cebuano) in the 1984 election.

The president's eldest daughter arrived in Danao city early yesterday to attend a festival. She said she is extremely optimistic that the Marcos-Tolentino team will carry the solid north with the biggest majority ever.

VALENCIA COMMENTS ON MARCOS PRESS CONFERENCE

HK110752 Quezon City Maharlika Broadcasting System in English 0130 GMT 11 Jan 86

["Analysis of the News" by Teodoro Valencia]

[Excerpts] President Marcos told a press conference yesterday at the Manila Hotel that he has no doubt that he is going to win the coming election.

There were many questions, all 58 of them that were asked by foreign correspondents from the United States, England, Australia, and many foreign correspondents who are based in Manila. The sum total of all the questions could be narrowed down to: Will President Marcos cancel the election on some pretext or another? The answer was, no. Will President Marcos declare martial law? Only if the cities are attacked in force by the New People's Army. Otherwise, the president can resort to his extraordinary powers short of martial law to put down any kind of disturbance.

The foreign correspondents obviously had one thing in mind. They were afraid that the election would be cancelled or that if the opposition were to win, President Marcos would not relinquish his position or that the president would file a protest and delay the oath-taking of Cory Aquino, all of this indicating that the foreign media have already their own conclusions about what's about to happen. And the job of the president was easy, all he had to do was disabuse their minds about such dire possibilities which have no basis except in the imagination of a few people, especially foreign newsmen who know nothing about the Philippines and do not understand our ways.

You cannot please everybody, not even President Marcos can please everybody, but by and large that press conference was very fruitful. Fifty-nine [as heard] questions were asked. The president had forthright answers to most of them, and the newcomers, people who came in just 2 or 3 days ago, were able to get an overview of what the campaign is all about.

In essence, President Marcos said that he did not want to duplicate the efforts of the opposition, in other words, if the opposition were in the Bicol area, he would not want to be there, he would like to be somewhere else. And considering the time frame for the campaign, the president said many people will be disappointed because he cannot make all his engagements, as in fact yesterday he did not, because he was scheduled to appear before the student body of the University of the Philippines, but he had to forego that because the clamor of the foreign correspondents for a man-to-man interview was so overwhelming that the best the president could do was to give a press conference while they were all present. But for the president to give an interview to everybody who wants an interview would be a physical impossibility.

Well, anyway, the campaign is in full progress. The president is able to handle the situation, and for a man whom they said would be dying in 6 months, he looked quite healthy and able to handle a very important assignment, and that is, to campaign, to be the principal focus of our criticism and to be the only man who can answer those criticisms.

Views U.S. Intervention

HK110233 Quezon City Maharlika Broadcasting System in English 0130 GMT 11 Jan 86

["Analysis of the News" by Teodoro Valencia]

[Text] One of the questions raised during the press conference of President Marcos at the Manila Hotel yesterday was whether or not the foreign observers were welcome. President Marcos said they are welcome, but of course, what the president meant was, they are welcome to observe but not to supervise, not to check on the Commission on Elections, and certainly not to assert their sovereignty over this independent Republic of ours.

[Words indistinct] in the past that foreingers, mostly Americans, are out to tell us what to do, to tell us that they are going to see that we do these things with their supervision, with their consent. And if we do not do things as we are told how to do them, they would deprive us of financial aid and perhaps support in the future. These intervenors or meddlers are the Americans whom many of our countrymen, especially opposition leaders, have been begging to come here and intervene.

We do not blame the Americans for their intervention. They have been asked. Many of our countrymen have begged them to come over and intervene. The question is to identify who are these traitors who have been asking foreigners to intervene in our domestic affairs and destroy our whole belief in ourselves and shame us before the whole world.

COMELEC WARNS FOREIGNERS ON ELECTION ACTIVITY

HK110037 Manila Far East Broadcasting Company in English 2300 GMT 10 Jan 86

[Text] The Commission on Elections yesterday warned foreigners, whether individual, private, government, or media, against partisan political activity in connection with the coming elections. The warning was issued by Comelec Chairman Victorino Savellano, as he set the guidelines for foreign observers in the polls. The Comelec stressed that any violation of the election code provision on foreign meddling in the elections is punishable by 1 to 6 years imprisonment and deportation.

The poll body said any foreign group or individual who may want to observe the elections in the Philippines shall first register with the Comelec. Registered observers may interview any official or agency of the government, party, or candidate, but the activities shall not be partisan. They may also observe the canvassing of votes.

LABOR MINISTER OPLE TALKS WITH U.S. OBSERVERS

BK110746 Manila PNA in English 0736 GMT 11 Jan 86

[Text] Manila, Jan. 11 (PNA) -- Senior Filipino officials Saturday told a visiting group of American political watchers that they are free to observe the Feb. 7 snap presidential polls, but not to meddle. "Foreign observers are welcomed but meddling is not and this country will police itself," said Labor Minister Blas F. Ople.

Ople, together with Defense Minister Juan Ponce Enrile, Parliament Speaker Nicanor Yniguez and several other ranking Cabinet officials, made the statements in talks with a group of political watchers from both the Republican and Democratic Parties in the United States. The American visitors planed in here Wednesday and told newsmen they were to observe next month's political exercise in response to the invitation of Philippine President Ferdinand Marcos.

Marcos, 68, is seeking another six-year term and challenging him is Corazon Aquino, the 52-year-old widow of the late former Senator Benigno S. Aquino Jr.

Speaking for the six-man American delegation, Curtis A. Wiley and Robert E. Henderson said there is a "heightened interest in the United States in the Philippine elections motivated by a deep and abiding affection for the Filipino people."

Ople said the Filipinos appreciated this affection but "the obtrusive manner in which this is sometimes expressed has convinced some of that some American officials are interfering in our internal affairs." However, Ople said, if the observers accord a meticulous respect to Philippine sovereignty, "the presence of international observers could be very useful to the country because when we do win, we can use a Good Housekeeping certificate to the effect that we indeed won in an honest and clean election."

Ople added: "While we are accountable only to our own people, and are concerned that the result will be credible to them, we also want the rest of the world to recognize and respect that result." He said that with a two-party system now firmly in place and the entire nation enthusiastic about the election, the "country will police itself."

To a question on how the president could control the exuberance of partisans especially in his own bailiwick areas, Ople said the president's messages to his party leaders, both private and public, stress the need to make these elections highly credible.

Will there be large-scale disturbances in some areas and what will the government do to manage them? Ople said the Armed Forces of the Philippines would stay in their barracks outside of the inevitable patrol work. But he called attention to a purported order of the CPP-NPA to harass the troops whether in barracks or on patrol work.

"The NPA possesses the capability to mount such disturbances in some areas under guerrilla fronts but it does not follow that they will use this. If they do so, the Comelec will have the authority to deputize such numbers of Armed Forces as may be necessary to restore order," Ople said.

Ople said, replying to a query, that there was nothing strange in the spectacle of the Communists declaring a boycott stand and their sympathizers and front organizations supporting the Aquino candidacy. "They have to satisfy a doctrinal necessity. The CPP-NPA cannot believe in electoral democracy as a fundamental expression of the sovereign will without giving up its Marxist-Leninist character. For Marxist believers, an election is nothing but an internal quarrel within the same ruling class, and the government is the executive committee of the class -- a U.S. Marcos dictatorship or a U.S.-Cory dictatorship."

VOLUNTEER MOVEMENT SET UP TO COMBAT POLL FRAUD

HK061532 Manila BULLETIN TODAY in English 6 Jan 86 p 11, 5

[By Vicente B. Foz]

[Excerpts] A broad-based volunteer movement to combat frauds in the Feb. 7 election shaped up yesterday.

Some Kilusang Bagong Lipunan leaders, government leaders, Kabataang Barangay leaders, and cause-oriented groups joined the anti-fraud campaign described as "the Cory-Doy crusade to restore democracy, justice, and freedom" in the country. The movement will be formally launched today at the National Press Club building on Magallanes Drive, Intramuros, Manila. Civic, business, and opposition leaders will attend.

The group will plan an intensified campaign for volunteers throughout the country, continuing volunteer education, and a massive information drive to expose various forms of election frauds.

Member of Parliament Jaime N. Ferrer, former Comelec chairman, pledged support for the movement, saying he will discuss the election frauds and malpractices "prevalent under the Marcos administration."

TRANSPARENT BALLOT BOXES SENT TO TREASURERS

HK101121 Quezon City Maharlika Broadcasting System in English 0800 GMT 10 Jan 86

[Text] Transparent ballot boxes are being delivered to city and provincial treasurers to be used in the February 7 presidential poll. Comelec Commissioner Jaime Opinion said some ballot boxes have already been delivered to treasurers in Metro Manila. Several companies have been hired by the Comelec to manufacture new ballot boxes and repair the old ones.

UNIDO PROVINCIAL CHAIRMAN FACING GRAFT CHARGES

HK060709 Quezon City Maharlika Broadcasting System in English 0400 GMT 6 Jan 86

[Text] The Tanodbayan will conduct a preliminary investigation tomorrow of the graft charges filed against Cebu Unido provincial chairman and other members. The accused are Bogo town Mayor (Solestino Martinez Jr), Unido provincial chairman, [words indistinct] Sanggunian member and an engineer.

The group was formally charged by a town businessman (Jesus Apotar) for violating the Antigraft and Corrupt Practices Act in connection with granting to another businessman a permit to operate a cockpit in Bogo. The complainant said a municipal resolution which granted the permit has caused damage and unwarranted benefits to the businessman, while allegedly divesting him of a permit to operate his own. [as heard]

INDONESIA HANDS OVER PLANES TO COMBAT INSURGENTS

BK100555 Manila PNA in English 0541 GMT 10 Jan 86

[Text] Manila, Jan 10 (PNA) -- Indonesia turned over Thursday two military aircraft to the Philippines, signalling what appeared to be the start of their joint efforts to right communist insurgency in Southeast Asia.

The planes, designed to transport troops and armaments, were received by Philippine military Chief Gen Fabian C. Ver from his Indonesian counterpart, Gen Murdani, in ceremonies at the Villamore air base in nearby Pasay City. General Murdani, accompanied by a high-powered 10-man Indonesian military delegation, flew in Wednesday to personally turn over the planes on instructions of President Suharto.

In accepting the planes, General Ver thanked the Indonesian government for the effort to help the Philippines in its current drive to contain insurgency.

The two model aircraft are on free-loan to the Philippines for three months, renewable for another three months upon request "without any strings attached," General Ver said. "Such genuine gesture of cooperation is certainly reflective of the existing close ties of brotherhood and friendship between our two nations and will not doubt contribute to keep the spirit of ASEAN solidarity in proper perspective," Ver said. President Suharto had earlier offered to assist Philippine President Ferdinand Marcos in stemming the rising tide of communist threat here.

"This occasion signals another milestone in the strengthening of the partnership of our two countries for the advancement of peace, progress and stability in this part of the world," General Ver said.

Both Indonesia and Philippines are members of the Association of Southeast Asian Nations (ASEAN), which also groups Malaysia, Thailand, Singapore and Brunei. Indonesia also experienced communist insurgency in the early 1960's. General Ver said that while the communist rebellion has been quelled, "the communists still pose serious threats to the security of both our countries, although at varying degrees." General Ver also stressed the importance of solidarity, and understanding among all members of the ASEAN.

"Beyond containment of the communist threat, I feel that the ASEAN could be a useful tool towards fostering brotherhood and camaraderie among the neighboring nations, a potent force for mutual assistance in times of crisis," Ver added.

Marcos Meets With Murdani

BK100748 Manila PNA in English 0739 GMT 10 Jan 86

[Text] Manila, Jan 10 (PNA) -- President Ferdinand Marcos has thanked Indonesian President Suharto for assisting the Philippines in its campaign against communist rebels.

The President conveyed this sentiment in talks at the Presidential Palace with an Indonesian military delegation, headed by Gen Murdani, commander-in-chief of the Indonesian Armed Forces. The delegation arrived Wednesday and formally turned over Thursday to the Philippines two Casa 212-200 aircraft which Indonesia is lending for the anti-subversion campaign.

In his talks with the Indonesian visitors, the president said that the Philippines look to "Indonesia for leadership of the Association of Southeast Asian Nations (ASEAN)." He also informed the visitors that the Philippines had rebounded from its economic difficulties caused by the worldwide recession, high prices of imports, and declining prices of Philippine exports.

The C-212 aircraft, which is slightly smaller than the C-130 military planes, was built by the Burtanio Aircraft Industries of Indonesia which has a tieup with the Casa-Spain in Spain. The arrival of the two C-212 planes would enhance the troops' mobility in their pursuit of communist rebels. The two planes will also be used to transport troops and cargoes from one region to another. The use of the planes would be at no cost lease to the Philippines for three months, renewable, as requested, for another three months.

NPA REPORTEDLY INTENSIFYING DISRUPTION TACTICS

HK110201 Manila TIMES JOURNAL in English 10 Jan 86 pp 1, 5

[By Daniel Florida]

[Text] Terrorists of the New People's Army have started arming their supporters with high-powered guns to help in the communist effort to disturb the Feb. 7 special election, intelligence reports declassified by the military said yesterday.

The stepped-up activities of the communist terrorists were also evident in other areas of the country. In general Santos City Tuesday night, Vice Gov. Hermogina Sison of South Cotabato escaped an assassination attempt.

TIMES JOURNAL correspondent Buddy Ramos, quoting a military report, said unidentified men believed to be members of the NPA, fired at her group along a dirt road in Barangay Luhib, Lexibo, in that province. The party was on the second leg of a campaign for the Marcos-Tolentino ticket in the upper valley towns of South Cotabato. The younger brother of the vice governor, Mike Fernandez, who was in the second car their convoy, was slightly injured in the arm.

After the first shot, "we heard two more but took these for granted," Sison said. "Upon reaching the town proper, we noticed bullet holes in that car's door." She said local communist guerrillas are principal suspects, but she was not discounting another group. She did not elaborate.

The military's revelation of the alleged arming of insurgents' supporters in Central Luzon came on the heels of reports that:

- Last Tuesday night, heavily armed terrorists seized and burned a mini-bus in Arayat, Pampanga, allegedly as a warning to local transport operators against allowing the Kilusang Bagong Lipunan to use any of their vehicles.
- A number of government officials, military officers and government supporters have been marked for liquidation by the NPA in the region.

Brig. Gen. Isidoro de Guzman, commander of the AFP [Armed Forces of the Philippines] Regional Unified Command and the PC-INP [Philippine Constabulary-Integrated National Police] in Central Luzon, said that apart from these, there are other strong indications that the NPA have definite plans to intensify its terror campaign to disrupt the election.

Correspondent Ben Camos, reporting from Camp Olivas in San Fernando, Pampanga, quoted de Guzman as citing the killings of baranggay leaders, soldiers and policemen as clear indications that the communist terrorists would escalate their operations in the coming weeks to scare away people from the polls.

Meanwhile, the four major service commands of the Armed Forces -- the Army, Air Force, Navy and PC -- were reported to have set in motion, on orders of Gen. Fabian C Ver, AFP chief of staff, their respective troop information programs to stress the need for military officers and personnel to remain neutral and to avoid activities that may be misunderstood as electioneering. These parallel programs are also designed "to enlighten the troops and their dependents on the role they will play in the coming election exercise," a well-placed source said.

In a related development, the Reform AFP Movement, which had earlier declared an open war against all forms of electoral fraud through a nationwide project called Kamalayan '86, expressed willingness to "merge" the project with the major service commands' troop information programs on the election. The movement said it will meet tonight to firm up this merger plan.

De Guzman told reporters in Camp Olivas that the insurgency problem in Central Luzon, once the hotbed of communist up-rising in the country, has grown worse with the number of NPA armed regulars jumping from a little more than 100 to some 800 over the past three years. He attributed the growth of the rebels' strength to relegation of military operations to the background in favor of civic action. While the civic action program of the government is commendable, it has given the dissidents time to regroup and rebuild their forces, de Guzman said. The rebels took advantage of the military personnel's being harnessed in the civic action program, he added.

The government-owned PHILIPPINES NEWS AGENCY [PNA] quoted de Guzman as having observed that military authorities in the region put more emphasis in their civic action activities to the extent of relaxing their military operations. De Guzman underscored the need to undertake civic action projects only in less NPA-infested areas adding that military civic activities are supposedly in support only of those being undertaken by civil government agencies, the PNA reported.

The PNA also quoted de Guzman as having said that he had ordered his field commanders "to use force" in eliminating NPA rebels. De Guzman, as chief of the military intelligence division in the region, spearheaded Operations Scorpio that led to the capture in 1976 of Bernabe Buscayno, alias Commander Dante, then the supremo of the NPA.

From Naga City, correspondent Paco Felicidario reported that a policeman was killed in an ambush by suspected NPA guerrillas in Baranggay Malabog, Baraga, Albay, recently.

Two unidentified companions of the slain policeman, Pfc. Alejandro Botor of the Minalapag police, have been reported missing since the ambush.

Other insurgency-related incidents over the past few days:

-- Cpl. Tomas A. Rinon of the Daraga police in Albay was shot to death by unidentified armed men Tuesday morning in Bagong Bayan, Daraga.

-- Earlier, Roque Arsenal, a security guard of the Central Azucares, was disarmed of his Armalite rifle and a shotgun and then shot to death by suspected NPAs at the Ana Maria loading station in La Castellena, Negros Occidental. One of the killers was himself gunned down shortly after in a shoot out with pursuing lawmen.

-- Last Monday, PC S/Sgt. Renato de Vera was shot dead by men believed to be members of an NPA "Sparrow" unit in Baranggay Panginay, Balagtas, Bulacan.

VER SAYS COMMUNIST PLAN IN CEBU 'THWARTED'

BK130422 Manila PNA in English 0326 GMT 13 Jan 86

[Text] Manila, Jan. 13 (PNA) -- Security forces have thwarted attempts of the Communist guerrillas to transform the central Philippine city of Cebu into a "bloody battleground," Philippine military Chief Gen. Fabian C. Ver said Monday.

He told newsmen four of an elite seven-man liquidation squad of the dreaded underground New People's Army (NPA) had been recently captured by intelligence operatives. The squad, he said, was reportedly tasked by the banned Communist Party of the Philippines (CPP) to organize liquidation teams in Cebu to foment a "revolutionary atmosphere" similar to the southern Philippine city of Davao.

Davao, some 800 km south of here, had been the scene of bloody clashes between government troops and the heavily armed communist dissidents. The encounters followed the success of the NPA, the CPP's combat arm, to gain political and mass base support in Davao to overthrow the Marcos government.

General Ver, quoting declassified intelligence reports, said CPP's plan to sow terror and chaos in Cebu City, 500 km south of here, was the result of its crippling setback dealt by pursuing government forces in Davao City. To carry out the plan, he added, the CPP central hierarchy organized a new commission with supervision over all guerrillas operating in the Visayas, the country's third biggest island.

Ver said part of the commission's plans is to form hit squads and widen their political mass base in central Philippine region. The Communists had claimed to have some 40,000 followers, both armed and unarmed, mostly in the hinterlands of the region. They carry out their objectives through agitation, organization and mobilization, General Ver added.

4 Arrested in Cebu

HK100747 Quezon City Maharlika Broadcasting System in English 0700 GMT 10 Jan 86

[Text] Police operatives have arrested four suspected urban communist terrorists in separate raids in Cebu. The four suspects allegedly took part in the killing last year of a PC major and several policemen. Arrested in Tanque, Talisay Town, were Arnel Rosal and Armando Dela Rosa, while nabbed in Kawit Island were Manny Abelarde and Ricman Soller. Police said four companions of the suspects managed to elude arrest.

21 GUERRILLAS KILLED IN MINDANAO OPERATION

HK100755 Hong Kong AFP in English 0731 GMT 10 Jan 86

[Text] Manila, Jan 10 (AFP) -- Philippine troops have killed 21 communist guerrillas in the southern Philippines in an operation to deter rebel attacks during the February presidential poll, the military said here today.

The 21 were part of an 80-strong New People's Army (NPA) group which fought three Army Ranger patrols Wednesday in a rural village near Maco Town in Davao del Norte Province, 925 kilometers (555 miles) southeast of here in rebellion-torn Mindanao Island. No troops were injured, a military press statement said.

The NPA is the military wing of the banned Communist Party of the Philippines (CPP), whose estimated 15,000 fighters are waging a mounting guerrillas campaign across the country.

Underground sources here had earlier confirmed that the CPP would boycott the February 7 poll in which President Ferdinand Marcos is standing for re-election against Corazon Aquino, the widow of his slain political rival Benigno Aquino.

Armed Forces Chief of Staff General Fabian Ver today sent his congratulations to the troops for their courage and vigilance, while at the same time ordering sustained combat patrols, the military statement said. Gen Ver said his order was in anticipation of disruptive NPA attacks during the presidential elections.

NPA SAID PLANNING ASSASSINATIONS IN CENTRAL LUZON

HK091113 Manila Far East Broadcasting Company in Tagalog 1000 GMT 9 Jan 86

[Text] Communist terrorists are planning to disrupt the election on February 7 in Central Luzon. This was said by Brigadier General Isidoro de Guzman, commander of the Central Luzon Unified Command, who revealed that the NPA plan to assassinate various government and military officials as well as government supporters in the region. He said many NPA supporters in Central Luzon have been given high-powered firearms in preparation for the planned attacks. In order to meet this threat, De Guzman said that intensified military operations have been mounted against the rebels.

2 PANAY ISLAND GROUPS LINKED TO COMMUNIST PARTY

HK060747 Manila PHILIPPINES SUNDAY EXPRESS in English 5 Jan 86 pp 1, 8

[Text] Camp Delgado, Iloilo City -- Two self-styled "cause-oriented" groups on Panay Island were named Friday by five NPA surrenderers as front organizations of the Communist Party of the Philippines and its military arm, the New People's Army.

The five told Gen. Fabian C. Ver, AFP chief of staff, that these organizations are the Bagong Alyansang Makabayan (Bayan) [New Alliance Movement] and the Kahublagan sang Mangunguma sa Isla sand Panay (KAMIPA). They "specialize" in mass actions for the underground movement, General Ver was told. Bayan and Kamipa were among the groups that led the recent "Welga ng Bayan" [National Strike] in Iloilo. Ver went to Iloilo City to assess the peace and order situation in Western Visayas.

The former rebels are Rey Porras alias Commander Tim who was the local Bayan organizer and NPA semi-legal team (SLT) leader; Domingo Juarez, Agustin Bendol, Rene Caro, and Miraflor Ciasico.

Porras, Juarez, Bendol, and Caro are all SLT members. Ciasico was a member of the Medical and Finance Section IV, district Committee III of the Panay Island Regional Party Committee of the CPP/NPA.

Porras and Ciasico told Ver that the CPP/NPA is behind the mass actions like rallies, demonstrations and marches staged by the Bayan and the Kamipa. They said CPP/NPA elements act as guides and advisers during the preparation for the mass actions. The CPP/NPA, the former rebels said, ride on current issues against the government in convincing the people to join mass actions. In case the people refuse to participate, the rebels then impose a fine of at least P10 per family or threaten those who refuse to join with bodily harm, they said.

In a briefing for Ver, Brig. Gen. Dionisio Tan-Gatue Jr. said there are about 2,800 CPP members, some 600 NPA armed regulars and almost 7,500 mass activists in Western Visayas. The rebel movement has about 1,550 firearms in the region, Tan-Gatue said. Of the more than 5.5 million population in the region, only about 3 percent may be considered as rebels' "mass base" with less than 1 percent actively participating in mass actions, Tan-Gatue said. Out of the 4,590 barangays in the region, 916 are affected by insurgency or an increase of about 7 percent from 1984, Tan-Gatue added.

In Negros Occidental, Tan-Gatue said, about 23 percent of all barangays have been affected by the communist insurgency and in 1985 alone, 100 more barangays were either infiltrated or influenced by the insurgents.

On Negros Island, Tan-Gatue said the southwest where the co-called CHICKS (Candoni, Hinobaan, Ilog, Cauayan, Kabankalan and Sipalay) area and the north east where Escalante, San Carlos City and Cadiz City are the most critical.

On Panay Island, Tan-Gatue said the mountainous areas at the tri-boundary of the provinces of Iloilo, Antique and Capiz are the most affected by the insurgency.

Tan-Gatue also noted the increased terroristic activities of the NPA against civilians, saying that in 1985 alone, 185 civilians were killed by the rebels in the region. However, Tan-Gatue said the government neutralized 512 rebels in 1985, including 219 killed in various encounters.

The main problems the government's drive against insurgency in the region, Tan-Gatue said, remain to be economic problems besetting sugar farmers, the population's over-reliance on the military and some weaknesses in the government's public information effort.

IMF RESCHEDULES REVIEW FOR AFTER ELECTIONS

HK091535 Manila BULLETIN TODAY in English 9 Jan 86 p 11

[Text] The International Monetary Fund has scheduled a crucial review of the Philippines' economic adjustment program next month, a week or two after the presidential election on Feb. 7.

The review usually initiated by a mission sent to Manila from Washington, will focus on the country's economic performance during the last quarter of 1985.

The IMF review will determine if the country had met its targets and whether it was capable of meeting pre-set objectives for the rest of the year.

Prime Minister Cesar Virata, who is due to sign a rescheduling agreement on public sector debt with creditor banks in New York on Friday, said a favorable review would lead to final drawing of the remaining tranches of the standby credit from the IMF. The Philippines still has an undrawn balance of about 318 million special drawing rights [SDR] (roughly \$340 million) from the standby IMF loan of 615 million SDR. The undisbursed portion is to be drawn through the end of 1986 at which time the standby arrangement with the IMF ends.

The mid-February IMF review, however, assumes that there will be no change in government. But if the outcome of the February election is different, some adjustments may have to be made.

Presidential candidate Corazon Aquino has said that if elected, she would renegotiate the terms of the standby program with the IMF as well as the rescheduling agreement with the 483 international banks.

Loan Restructuring Signed

HK110038 Manila Far East Broadcasting Company in English 2300 GMT 10 Jan 86

[Text] The Philippines signed yesterday with the consortium of international banks an agreement restructuring \$2.9 billion in maturing short and medium-term loans of the Central Bank and six other corporations. The amount represents 90 percent of the public sectoral loans to be restructured with international banks. It includes indebtedness by the Philippine National Bank, National Investment Development Corporation, Development Bank of the Philippines, the Philippine National Oil Corporation, the National Power Corporation, and the Philippine Air Lines.

Under the agreement, the Philippines will be able to stretch the payment of the loans maturing between October 17, 1983 and December 31, 1986, to a 10-year period beginning December 31, 1984, inclusive of a 5-year grace period.

Prime Minister Cesar Virata and Central Bank Governor Jose Fernandez Jr signed the document with the servicing banks.

MARCOS ORDERS REVISIONS TO TAX REGULATIONS

HK091613 Manila TIMES JOURNAL in English 9 Jan 86 pp 1, 4

[By Vicente Tanedo]

[Text] President Marcos last night amended the controversial turnover tax to simplify its implementation and reduce the tax rate on certain items. The president ordered that the original and second sales tax system be replaced with an original and subsequent turnover sales tax system.

Among the salient features of the new tax law is the elimination of the confusing classification of sales subject to tax. The difficulty of classifying sales made by second sellers and those by third and subsequent sellers has been removed.

It has been noted that traders and dealers have found it difficult to devise and accounting system which can effectively segregate articles purchased from original sellers and second sellers for purposes of determining what portion of their sales taxes are subject to the three percent second seller's tax.

Confused house wives and consumers complained that the old turnover tax was full of loopholes that unscrupulous traders could easily take advantage of to the prejudice of the consuming public.

It has been observed that despite the Bureau of Internal Revenue's [BIR] campaign, many taxpayers are still unable to determine whether or not they are liable for the three percent sales tax. BIR Commissioner Ruben Ancheta observed that even those not liable under the law to pay the tax have paid an additional amount to cover the tax.

The president has also ordered the reduction in the sales tax of a wide range of consumer items from the original 20 percent to 10 percent. This includes processed meat, beverages, vegetables, milk and dairy products, seafoods, wheat flour, bread and bakery products, medicine, laundry soap and detergents, writing pads, notebooks and ordinary pencils. Also included in the products not covered by the 10 percent tax are construction materials and agricultural products, cement, hollow blocks and lumber, fish, poultry, swine and cattle feeds and fertilizer.

The president ordered the Bureau of International Revenue to launch and information drive immediately on the new tax system.

Fall in Food Prices Expected

HK100727 Manila Far East Broadcasting Company in English 2300 GMT 9 Jan 86

[Text] A 9 percent drop in the prices of food and other basic commodities is expected this year as a result of the revision of the new sales tax ordered by President Marcos. Originally the price rates were expected to rise by 12 percent before the president ordered the revision of the sales tax structure. He signed yesterday Presidential Decree 2006 converting the tax on (?second) sales of commodities into a tax on subsequent sales and reduced the tax rate thereon from 3 to 1 1/2 percent. The new decree took effect last January 3. The tax changes were in response to a clamor, especially from the private sector.

TOYOTA REVEALS PLANS TO PULL OUT OF PHILIPPINES

HK081534 Manila BULLETIN TODAY in English 7 Jan 86 pp 1, 7

[By Jun Ramirez]

[Text] Giant automaker Toyota Motors of Japan is pulling out of the Philippines following collapse of negotiations for the acquisition of the plant of Delta Motors in Sucat, Paranaque, Metro Manila. This was disclosed yesterday by sources who had closely followed the two-year negotiations between Toyota and the Philippine National Bank (PNB). PNB foreclosed Delta sometime in 1983 after the company failed to update the payment of its obligations amounting to over P1.5 billion.

Toyota's pullout is considered a big blow to current government efforts to sell billions of pesos worth of idle assets owned by various government-owned or controlled corporations. Observers said Toyota's action could also adversely affect the on-going campaign to encourage more Japanese investors to come to the Philippines.

The same sources explained that discussions for the sale of Delta's assets collapsed when PNB insisted on selling the entire complex. Earlier, it agreed to sell only the car assembly facility to Toyota, the sources said. The Delta complex also has facilities for assembling trucks, mini-cruisers and utility vehicles. The entire complex was valued at P515 million by Asian Appraisers which was commissioned by the PNB to conduct a valuation of the facilities. The car assembly facility alone is worth P200 million which Toyota agreed to pay "without asking for any discount."

Top officials of both PNB and Toyota actually signed a memorandum of agreement to carry out the deal. But for still unknown reasons, the PNB later demanded that Toyota buy the entire complex. This apparently irked Toyota officials who felt that PNB was reneging on the agreement that the company would buy only the car assembly plant.

Toyota has about \$35 million in receivables from the bankrupt Delta which it wanted to recover on a longterm basis by reviving the car assembly operations and by going into exports of Philippine products.

CONSTRUCTION BAN NOT TO AFFECT ONGOING WORK

HK090803 Quezon City Maharlika Broadcasting System in English 0400 GMT 9 Jan 86

[Text] The current ban on public works projects will not affect ongoing infrastructure projects. This assurance came from Public Works Minister Jesus Hipolito. The ban on new public works projects, which took effect yesterday, aims to prevent the use of government funds for election purposes. But Minister Hipolito said projects begun before the campaign period will continue.

[Hipolito recording indistinct]

OFFSHORE SEISMIC SURVEY WORK BEGUN IN QUEZON

HK101145 Quezon City Maharlika Broadcasting System in English 1000 GMT 10 Jan 86

[Text] The Philippine National Oil Company [PNOC] has started setting up offshore navigation in Lamon Bay in Quezon Province. This is in preparation for offshore seismic surveys to be conducted in four areas around the country. The offshore seismic survey will be conducted in southern Luzon, eastern Mindoro, the (Cuyu) shelf in the northern Cebu Sea and northwest Palawan. Earlier, PNOC exploration manager Arturo Zaldivar [words indistinct], referring to Energy Minister Geronimo Velasco, that navigational equipment has been cleared by the Bureau of Customs and has been sent to Lamon Bay.

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